

ARIZONA STATE SENATE

46TH LEGISLATURE
FIRST REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: February 19, 2003

TIME: 1:30 p.m.

ROOM: SHR 109

CHAIRMAN: Senator Burns

VICE CHAIRMAN: Senator Waring

ANALYST: Deborah Johnston
Carolyn Atwater

**COMMITTEE
SECRETARY:** Tracey Moulton

INTERNS: Benjamin Wing
Christopher Kresge

ATTENDANCE

BILLS

<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Anderson	X			SB 1038	HELD
Senator Arzberger	X			SB 1123	HELD
Senator Bee	X			SB 1130	HELD
Senator Cannell	X			SCR 1003	DPA
Senator Giffords	X				
Senator Harper	X				
Senator Martin	X				
Senator Mead	X				
Senator Rios	X				
Senator Soltero	X				
Senator Verschoor	X				
Senator Waring, Vice Chairman	X				
Senator Burns, Chairman	X				

Chairman Burns called the meeting to order at 1:34 p.m. and attendance was taken.

APPROVAL OF MINUTES

Without objection, the minutes of the Appropriations Committee dated February 5, 2003 were approved as distributed.

BUDGET PRESENTATION

JUDICIARY

Kim Hohman, Fiscal Analyst, Joint Legislative Budget Committee (JLBC), distributed a handout entitled Comparison of Major Policy Issues, Judiciary (Attachment A). The handout specifically outlined the differences in the Legislative and Executive proposals with regard to the following:

Major Issues	JLBC	EXECUTIVE
Total Budget		No recommendation
<ul style="list-style-type: none">FY 2004	\$129M GF A 3% FY 2003 lump sum reduction of \$(789,500), excluding Superior Court	
Major Policy Issues	JLBC	EXECUTIVE
Probation		No recommendation
<ul style="list-style-type: none">Caseload GrowthIncrease Caseload RatiosProbation Cost Sharing	Adds \$1.0 M for 4% Growth in Adult Standard Probation program Decrease funding by \$(5.4)M Requires counties to pay 50% of cost of Adult and Juvenile probation \$22.3M	
Other Issues		No recommendation
<ul style="list-style-type: none">Defensive Driving School Program	Decreases \$(4.6)M GF	

David Buyers, Director, Administrative Office of the Courts (AOC), gave a power point presentation entitled Arizona Judiciary, FY 2004 Budget Presentation (Attachment B).

Highlights from the presentation:

- Constitution Requires Integrated Judicial System
- Chief Justice, Administrative Supervision Over all Courts
- Constitution Requires Swift, Fair Justice
- System in Review
 - Filings
 - Revenue
 - Expenditure
- Statewide Total Five-Year Case Filings
- Revenue Summary
- Revenue Generated
- Revenue Disbursed
- Expenditures by Source of Funding
- Expenditures by Court Level
- Cost per Case, Fiscal Year 1993 vs. 2002 (without probation)
- Taxpayer Cost Per Case
- Summary
- Distribution of General Fund Appropriations by Branch of Government
- Focus Today
- FY '02/'03 Budget Reduction Summary
- Budgetary Issues
- Defensive Driving Program
- Judicial Collection Enhancement Fund
- Additional Monies Collected Above \$70 Million Annually
- Statewide Network
- Statewide Automation
- Penalty Enforcement Plan
- Superior Court Probation Public Protection
- Public Protection, Probation Caseload Ratio Change
- Public Protection, Drug Treatment and Education Fund
- Superior Court Probation, Public Protection
- Superior Court Criminal Case Processing
- Court of Appeals
- Growing Delay at Court of Appeals, Division Two
- Special Master, Water Adjudication

Chief Judge Voss, Court of Appeals, Division I, testified that Division I and Division II of the Arizona Court of Appeals disposes of approximately 3,700 cases a year. He stated that the Court of Appeals does a good job because it gets out about 87% of the 3,700 cases, civil, criminal and juvenile, within 90 days of coming at issue, or when the briefs have been filed. The Court of Appeals is largely unnoticed in the system when working correctly, but when not working correctly, it becomes very important. The reason for this importance is because out of the 3,700 cases to be disposed of every year, the Court of Appeals finalizes 98% of them, as less than 2% of the appeals cases filed in the State of Arizona are reviewed by the Supreme Court.

Judge Voss commented that the Court of Appeals is funded by the GF and does not receive funding from any other sources. Compared to the \$6.1 billion budget, \$643,000 does not sound like a lot, but it will affect the Court dramatically. Almost 93% of the Court's budget is for personnel services. The Court has overspent its operating budget every year and have no increases to funding. The Court has cut libraries, phone systems and every where possible. He stated that the operating budget could not be cut any more and noted the only way the Courts has been able to pay for the operating budget is because of vacancy savings. He stated that the only place left to cut the budget is in staff. He remarked that the dismissal of staff would impact the Court's ability to process cases. This will not just affect the Court's ability to dispose of cases, but will also affect the people involved in the cases, as it will take a lot more time for cases to be disposed.

Chief Judge Phillip Espinosa, Court of Appeals, Division II, testified that two years ago, he appeared in front of an Appropriations subcommittee to explain why Division II of the Court of Appeals was in great need of a funding increase. He noted that the subcommittee agreed and voted to increase funding. Unfortunately, the State's budget problems began shortly after that and he stated that the money was not available. Division II had no choice but to continue on as it was. He stated that since that time, Division II has made do with an already inadequate budget with additional cuts over the last two years. As a result, staff was further reduced and almost had to eliminate courtroom security and the law library.

Judge Espinosa stated that Division II handles all appeals not only from Pima County and the greater Tucson Metropolitan area, but all of Southern Arizona, an area whose population has grown by 25% in the last ten years. It has been ten years since the last budget increase for Division II. He stated that in order to meet cuts already imposed last year and this year, Division II has been forced to not fill important vacancies in both the clerk's office and in the legal staff, as well as cut backs of law library, security and other items. Any further cuts will likely be disastrous for Division II. If it were merely an internal disaster and a matter of picking up the pieces and making do until the budget improves, it would still be an intolerable situation for one of the State's most important institutions. He stated that the real disaster is the impact on thousands of people's lives that will be put on hold and the injustices that may be compounded.

Judge Espinosa remarked that the Judiciary, imperfect as it may be, is a fundamental pillar of the State's tri-part type government, fulfilling core constitutional obligations to the State's citizens. He opined that all of Arizona's courts are fulfilling their duties in a businesslike and commendable fashion with nothing to spare. Further cuts will carry great risks and he opined unacceptable costs to both the Court of Appeals and the public.

Senator Mead asked if there is a point, when the cases start landing too fast, that the federal courts would step in and could theoretically take away the State court. Judge Espinosa stated that it is theoretically possible.

Senator Mead asked if in other states the due process issue has been brought up regarding the length of time before a case is heard. He expressed his concern that this may be opening the State up for litigation and repairing the problem may be more expensive than addressing the situation at this time. Judge Espinosa stated that he did not have an answer for this question.

In summary, Mr. Buyers stated the explanation given by Judges Voss and Espinosa is correct in that the Court of Appeals is the "engine" that drives the appellate process of cases in the State. There is an inter-relationship between the Court of Appeals and the Supreme Court, which is that while the Supreme Court may only review 2% of the cases, it is disposing of 1,400 petitions for

review a year. Most of these petitions are denied for lack of merit or for some procedural reason, indicating that the Court of Appeals have handled things correctly. Another point of concern is that when the JLBC budget proposal was made, the Courts were given a line item type budget and the Executive branch made a lump sum budget. The line item budget is very difficult to work to, as the Courts have not operated on this type of budget in the past. He stated that the forefathers decided that the Courts would remain an independent co-equal branch of government, contrary to the English, and European models. He commented that under the federal Constitution, with respect to federal courts, the Courts are given constitutional responsibilities by the people. He stated that the Courts must adhere to those, if the State is to preserve the government and the structure that citizens have enjoyed in Arizona for the last century.

CONSIDERATION OF BILLS

Senator Burns announced SB 1038, SB 1123 and SB 1130 would be held.

SB 1038 – behavioral health practitioners; repayment program – HELD

SB 1123 – state properties sale; lease-purchase – HELD

SB 1130 – Grand Canyon airport; cease operations – HELD

SCR 1003 – budget stabilization act. – DO PASS AMENDED

Senator Martin, bill sponsor, explained SCR 1003 prohibits the Legislature from appropriating, starting FY 2005-2006, state revenues that exceed the amount of state revenues appropriated in the preceding year, with adjustments made for changes in population, cost of living and transfers of government functions. He distributed handouts entitled Total Spending Excluding Major 1 Time Items, Proposition 301, and Students FIRST (Attachment C), General Fund Expenditures (FY 1990-FY 2003)(Attachment D) and SCR 1003 Draft, General Fund (Attachment E). He noted that the models in the attachments are located on the JLBC website and provide a possible method of appropriating funds.

He explained SCR 1003 prohibits the Legislature from appropriating revenues that exceed the amount of state revenues appropriated in the preceding year, with adjustments for changes in population, cost of living and transfers of government functions. Revenues collected in excess of the appropriations limit must be refunded to taxpayers or deposited in the budget stabilization fund (BSF).

Senator Arzberger asked how SCR 1003's plan for the rainy day fund differs from how it operates currently. **Denisse Gee, Research Analyst**, explained that in the resolution, the BSF or rainy day fund would be capped at 10% with the amendment. She stated that if the money in the BSF exceeds the 10% in proportion to the maximum allowable revenues, the excess money would be refunded back to the individual taxpayers of Arizona. Currently the Legislature appropriates excess monies into the BSF by amounts determined by the Legislature.

Senator Martin remarked that the fundamental difference between what occurs now and with the resolution is that the cap would be related to 10% of the State budget and monies could not be removed unless the revenues are less than population inflation.

Senator Cannell commented there has been a lot of concern about the Colorado Taxpayer's Bill of Rights Constitutional Amendment (TABOR.) He asked how SCR 1003 would differ from the Colorado TABOR.

Senator Martin remarked that he had spent a lot of time over the last few months studying this issue. He stated that SCR 1003 is substantially different from the Colorado TABOR. He explained that in Colorado, the Legislature does not have the authority to tax or bond and neither can city or county governments nor any special districts. All taxing and bonding authority is reserved to the people through an initiative process or referendum and it can only be done one day every two years. He noted another significant difference is that the Colorado TABOR amendment affected all levels of government, where SCR 1003 only deals with the Legislature. Additionally, there is more flexibility with SCR 1003 as the Colorado TABOR requires that all surplus revenue be refunded to taxpayers.

Senator Arzberger commented that she appreciated the time Senator Martin has spent on this issue and that this resolution is based on the philosophy of controlling government, but opined that given the current crisis, now is not the time to address the issue of limiting the growth of revenue or controls.

Senator Martin remarked that the philosophy the resolution is based on is in creating a program and a government that the State can fully fund, based on the political nature and realities that exist i.e., Proposition 105 and Proposition 108, which create an interesting dynamic to the budgeting/revenue process. There is nothing in the resolution that limits the revenue that the State can take, nor limits the State's ability to raise taxes or bonds. The resolution addresses the situation of excess revenue and how it is dealt with. He remarked that the resolution does not go into effect tomorrow, but will be on the 2004 ballot and will not take effect until the 2006 budget year.

Senator Arzberger agreed that one of the problems that the Legislature is dealing with now is the fact that it has been restricted by certain ballot propositions. She opined that this measure would further restrict future Legislatures. She remarked that if the resolution were to be passed, she would rather consider a period of 8-10 years before a cap was set on spending. She commented that she was not in favor of capping future Legislatures and opined that the legislators are here to use the best tools of their minds, experience and knowledge to address current problems. She expressed her hope that future legislators do the same thing with dedication.

Senator Rios commented that the current situation cannot be blamed completely on voter passed initiatives, although he agreed that it has been a major contributing factor.

Senator Martin moved SCR 1003 be returned with a DO PASS recommendation.

Senator Martin moved the 4-page Martin amendment dated 2/18/03, 3:12 p.m. be ADOPTED (Attachment F). The motion CARRIED by voice vote.

Senator Waring moved SCR 1003 be returned with an AS AMENDED, DO PASS recommendation. The motion CARRIED with a roll call vote of 7-5-1 (Attachment 1).

Senator Burns announced the individuals who registered their position on the bill (Attachment G).

BUDGET PRESENTATION

DEPARTMENT OF ECONOMIC SECURITY (DES)

Stefan Shepherd, Fiscal Analyst, Joint Legislative Budget Committee (JLBC), distributed a handout entitled Comparison of Major Policy Issues, Department of Economic Security (DES) (Attachment H) and DES, Total Funds FY 2001-FY 2004; FY 2004 General Fund: JLBC vs. OSPB; TANF Structural Shortfall; FY 2004 TANF Block Changes: JLBC vs. OSPB (Attachment I).

Attachment H specifically outlined the differences in the Legislative and Executive proposals with regard to the following:

Major Issues	JLBC	EXECUTIVE
Total Budget		
• FY 2004	\$370M GF \$422.0M OF	\$505.3M GF \$433.2M OF
	A 2% FY 2003 lump sum reduction of \$(5.5)M	Does not address

Major Policy Issues	JLBC	EXECUTIVE
Developmental Disabilities/Long Term Care (LTC)		
• LTC Caseload Growth and Inflation	Adds \$16.0M GF & \$55M TF for inflation	Adds \$17.3M GF
• Include Parental Income For Eligibility	Decreases \$(16.8)M GF & \$(51.2) TF	Does not address
• Increased Cost Sharing	Shifts \$5.6M GF to OF	Does not address
• Consolidate Districts	Decreases \$(0.5)M GF & \$(0.9)M TF	Does not address

Benefits and Medical Eligibility

• TANF Cash Benefits	Adds \$1.4)M GF & \$11.1M TANF	Does not address
• General Assistance	Decreases \$(2.1)M GF GF	Adds \$2.1M GF

- Institutional Support & Tuberculosis Ctrl Payments Decreases \$(299)K to eliminate programs Does not address

Child Support Enforcement

- County Assistance Modification Shifts \$1.0M GF & \$3.8M OF Concurs
- Adds 25.3 GF & 126 TF FTE positions

Aging and Community Services

- Reduction in Adult Services Decreases \$(3.4)M GF Does not address
- Zero-Base Community Services Decreases \$(3.1)M GF & \$(2.1)M OF Does not address

Children, Youth and Families

- Children Services Decreases TANF Transfer to SSBG by \$(11.1)M TANF Concurs at \$(13.8)M TANF
- Does not address Adds \$13.8M GF to replace TANF reduction
- Does not address Adds \$7.8M GF to replace anticipated federal fund shortfalls
- Zero-Base Intensive Family Services Decreases \$(2.0)M GF Does not address
- Family Builders Decreases \$(4.3)M TANF Does not address
- Healthy Families Decreases \$(250)K OF to eliminate program Adds \$5.9M TANF to replace Tobacco Settlement \$
- Joint Substance Abuse Treatment Decreases \$(333) K TANF Adds \$1.2M GF & \$3.4M TANF
- Homeless Youth Intervention Decreases \$(400)K TANF to zero-base program Does not address

- Adoption Services Does not address Adds \$1.5M GF & \$3.4M TANF
- Permanent Guardianship Does not address Adds \$2.2M TANF

Employment and Rehabilitation Services

- Low-Income Working Child Care
 - Decreases \$(7.4)M GF, \$(12.5)M TANF & \$(18.3)M
 - Adds \$13.3M GF
 - Does not address Shifts \$26.5M from GF to TANF and CCDF
 - Does not address Shifts \$15.3M from TANF to one-time CCDF
- Transitional Child Care
 - Decreases \$(8.6)M TANF
 - Adds \$2.0M OF
- TANF Supportive Services
 - Decreases \$(3.0)M TANF
 - Decreases \$(7.3)M TANF Job training services
 - Decreases \$(3.0)M TANF
 - Does not address info and availability related transportation
- Zero-Base Independent Living Rehab Services
 - Decreases \$(784)K GF
 - Does not address
- Summer Youth Employment
 - Decreases \$(1.0)M GF to eliminate programs
 - Does not address

Agency-wide Issues

- Administrative Reductions
 - Decreases \$(10.6)M GF & \$(5.1)M OF
 - Does not address
 - Decrease of (156) GF & (72) OF FTE positions
- Fund Shifts
 - Shifts \$(6.3)M GF
 - Does not address
 - Includes \$3.8M shift to Job training Fund and \$1.2M shift to Housing Trust Fund

- Budget Format

Detailed Line Item by Program

Lump Sum by Program w/ Special Line Items

Derik Leavitt, Fiscal Analyst, Governor's Office of Strategic Planning and Budget (OSPB), distributed a handout entitled Department of Economic Security FY 2003/2004 Budget Recommendations (Attachments J and K).

Highlights of the presentation on Attachment J:

Non-Title XIX Eligible	FY 2003 Executive/JLBC	FY 2004 Executive/JLBC
Increased SSI Share of Costs		\$0 / \$(475) K
Increased Client Cost Sharing		\$0 / \$(1.4)M
Title XIX Eligible		
Implement a Monthly Premium		\$0 / \$(1/1)M
Include Parental Income for Eligibility		\$0 / \$(16.7)M

Matt Gottheiner, Fiscal Analyst, OSPB, gave a presentation on Attachment K.

Highlights of the presentation:

	FY 2003 Executive/JLBC	FY 2004 Executive/JLBC
Child Care	\$6M / \$0	\$13M / \$(46)M
Children Services	\$0 / \$0	\$7M / \$(11)M
Adoption Services	\$0 / \$0	\$6M / \$0M
Permanent Guardianship	\$0 / \$0	\$2M / \$0
General Assistance	\$2.1M / \$0	\$2.1M / \$(2.1)M
Operating Budget Reductions	\$0 / 5.5M	\$0 / \$(19.3)M
Reductions in the Division of Children, Youth & Families	\$0 / \$0	\$9.7M / \$(7.2)M
Reductions in the Division of Aging & Community Services	\$0 / \$0	\$0 / \$(9.2)M
Reductions in the Division of Employment and Rehabilitation Services	\$0 / \$0	\$0 / \$(4.7)M

Reductions in the Division of Benefits & Medical Eligibility	\$0 / \$0	\$0 / \$(298)K
FY 2003 Additional Lump Sum Reduction	\$0 / \$(1.5)M	\$0 / \$(1.5)M
FY 2003 LTC Supplemental	\$4M / \$0	
Long-Term Care Fund Sweep	\$0 / \$(2)M	
District Consolidation		\$0 / \$(472)K

Senator Burns remarked that there is a revenue stream of \$5.5 billion currently, while the OSPB budget proposal equals \$6.7 billion. He noted that the one-time funding recommendation covers the State through June 2004. He asked where the revenue to support this level of spending in 2005 would come from. Mr. Gottheiner stated that this would be taken into consideration as OSPB develops its 2005 recommendation and general funding would need to be found.

John Clayton, Director, DES, distributed a handout entitled Impacts of the Legislature's Budget Recommendation FYs 2003 and 2004, Revised February 16, 2003 (Attachment L).

Highlights from the presentation:

Mr. Clayton remarked that the JLBC budget reduction recommendations for DES will be devastating to children, families, the elderly, persons with disabilities and the working poor. Not only does this recommendation disregard any caseload growth in these populations, it reflects a \$140 million total appropriated funds variance from the OSPB recommendation.

Mr. Clayton stated that DES is a barometer of the economy of the State. As is demonstrated with a healthy economy, DES services are decreased and likewise, when the economy is doing poorly, the need for service increase. He listed the following statistics that validate this statement:

During the time frame of December 2000 through June 2002

- unemployment insurance claims increased by 331%
- medical assistance claims increased by 69%
- food stamp usage increased by 49%
- TANF participation increased by 26%
- Increase in child care benefits by 8%

Mr. Clayton stated that these statistics clearly illustrate that DES is not an agency that can tolerate a 10% cut in the amount of spending for the agency.

Mr. Clayton remarked that the JLBC recommendations would severely cripple and endanger many programs, such as Adoption Services, Healthy Families, and Child Protective Services (CPS), which are considered prevention or early intervention programs. He noted that Healthy Families is recognized nationally as a program that makes a difference and will be eliminated with the JLBC recommendations. He stated that the Family Builders program would also be eliminated and opined that discontinuing some of these programs will be a fiscal liability in the long-term.

Mr. Clayton stated that with regard to the reduction in TANF funding, the food stamp program is a statutory mandate. He stated that the State could choose not to participate in the program, but there would be penalties. In order to provide this service, he said there have to be workers to work cases. He noted that in 1993 the agency reduced the number of employees in this Division and the federal government sanctioned the State \$19 million due to how poorly the program was functioning.

Mr. Clayton commented that if the State wants effective and successful welfare reform, sufficient support services are needed to assist people in the transition from welfare to work. This cannot be completed with the JLBC budget recommendations.

Mr. Clayton stated that a reduction for adult services would force many elderly people to live in nursing homes at a much higher cost to the State.

Mr. Clayton noted that the JLBC Domestic Violence budget cuts would increase the number of people that are not currently being assisted currently because of lack of funding.

Mr. Clayton remarked that unless the Legislature passes new legislation for service delivery, he did not see any opportunity for the number of people needing services to decline. In fact, quite the opposite is true as the number will increase. He suggested that all parties look toward implementing the OSPB recommendations and find a way to make that proposal work for the people of the State.

Christine Coughlin, representing herself, testified that she was present to give a face to the numbers of disabled persons that are being discussed within the budget proposals. She stated that she was aware of the JLBC budget recommendation regarding parental income for eligibility, which she was very concerned with as well as the reduction to general assistance and the raising of client financial participation.

Ms. Coughlin remarked that her mother did not know of the valuable programs that existed, when she was a little girl, and her mother struggled to take care of her without assistance until she was 11 years old. She began receiving therapies and daily living skills. She stated that she learned that although she may not be able to do many things for herself, with the aid of caregivers she can manage her apartment and accomplish many things.

Ms. Coughlin stated that she wants Arizona to have a balanced budget, but not on the backs of the people who are the most vulnerable in our society. She opined that it really does take a village to raise someone with a disability. She commented that it takes more money to raise a child in an institutional setting than at home with therapy. She urged the Committee to reconsider the JLBC budget proposal.

David Carey, Arizona Bridge to Independent Living, testified that Ms. Coughlin's testimony was a tough act to follow, as she stated many of the things that he was going to say. He commented that he was injured in 1989 and was in a nursing home for three years. He stated that after moving into an apartment, he used many of the services available through DES. He noted that he has an automatic door, which allows him to come and go freely. He received a computer, which assisted him in earning a degree from Arizona State University with more ease than if he had not had one. He mentioned that another item that he has received assistance with is a shower chair. He remarked that many insurance companies would not pay for this device, as it is considered a

luxury item. These services have paid off in allowing him to hold a job, pay taxes and become a useful member of society. He urged the Committee to not support cuts to the DES budget.

Lisa Wierck, Parent, testified against the proposed DES budget cuts and stated that her son, Lucas was present for the parents of all special needs kids. She remarked that the Division of Developmental Disabilities (DDD) helped her family cope soon after Lucas was brought home. The financial implications of having a child with severe cerebral palsy were a reality that became very apparent with the amount of medical equipment and supplies that were needed from the very beginning. The caseworker stated that families would be forced into bankruptcy if they had to pay for all of a child's needs, such as Lucas'.

Ms. Wierck stated that she and her husband work and their combined income is greater than \$40,000 and they cannot afford all of the needs that Lucas has. The nutrition needs alone would cost them their home, as it can cost between \$900-\$1,500 a month, more than their mortgage payment. She noted that without respite, she would have to quit her job teaching and then would lose insurance coverage on Lucas, which pays for doctor's visits, part of his hospitalizations, medications, wheelchair, provide some of his durable and medical expenses. She stated that this would cost the State a lot of money. She stated that there are many things that families do pay for that may not be known. She stated that although the State takes care of a lot of providing assistance, which is greatly appreciated, her family provides transportation and special clothes, as well as insurance. She stated that special needs children need their families, yet with financial issues increasing for these families, the divorce rate that is already high, will become higher. This may also cause many parents to give up their children, and the State would then have to provide institutions with enormous costs. She said that children belong with their families who nurture them, love them and treasure them. Forcing families to give up their children will save the State nothing and cost the children everything.

Margaret "Midge" White, Advisory Council on Developmentally Disabled, serving Maricopa County, testified that long-term care was brought into the State in 1988 and a great deal of work went into the development of the current programs. The Council is concerned with the issues regarding long-term care with the means test. She opined that no other state uses a means test for children in long-term care. The Council is also concerned with the State only program, and the share of cost would be too high for families to financially survive. She noted that there are a lot of families that do not use the State system, but the ones that do, are the ones whose costs are exorbitant and urged the Committee to look at this issue very carefully.

Shayla Taylor, Parent, testified that she is the mother of a five-year old son with autism. She commented that she did not find out that her son had autism until he was three. Approximately eight months ago, she started receiving assistance from DDD/DES. She stated that at that time, her son would not answer questions, call her "Mom" or speak.

After receiving rehabilitation, Ms. Taylor stated that she was taught how to prevent her son from biting her and was taught how to teach her child learning techniques. She explained that without receiving this information she would not have learned how to help her son. Her son now has to earn the right to watch television and receive a snack.

Ms. Taylor expressed her appreciation of the work that the Legislature has to do and noted that she would not have gained this knowledge if she had not been present at the Capitol for the last two days. She remarked that she has observed and learned from the experience and wished that the Committee members could similarly observe what she and her family work at in their home.

Ms. Taylor stated that using the means test, it would cost \$31,000 year or approximately \$2,583 per month for her to continue the services that her child receives currently. She stated that she could not afford this. Physical, Speech, and Occupational therapy cost \$180/hour, which is what her insurance company was billed, which they refuse to pay, which is why she is receiving help from DDD. She urged the Committee to reconsider the JLBC budget.

Karen Novachik, Lutheran Advocacy Ministry in Arizona, testified on the JLBC budget proposal and noted that the quality of life of individuals and families are at stake.

Kristi Rice, Parent, distributed a letter dated January 21, 2003 from her six-month-old son, Spencer, to the Legislators (Attachment M).

Theresa Cutler, Parent, testified that she is the mother of a four-year old autistic son. She stated that her son was diagnosed when he was two years old and at that time he did not speak and his behavior was so poor that there was no hope of him ever going to preschool or school and she quit working to take care of him.

Ms. Cutler stated that DDD came through for their family beginning with a caseworker who told her what she needed to do as a parent to obtain the information she needed to learn to help her son. Now, two years later, her son, Paul speaks in basic sentences, attends public school, has some behavioral issues, but not as many or as severe as he used to, and he does not abuse himself or others any longer. She stated that her family has hope that their son will not be a burden on the State and will become a part of the workforce and be a taxpaying citizen. She stated without these programs, her son would have been institutionalized as an adult, which would have cost the State more in the long run. She urged the Committee to consider these issues before cutting the DDD/DES budget.

Mark Rodriguez, Newhaven Support Services, LLC., testified that he is one of two managing members of Newhaven and in the past has worked as a provider, case manager, administrator with DDD, administrator with voc rehab and is currently running his own business. Newhaven provides one-on-one attendant care; rehabilitation and respite care services and currently supplies over 400 therapists to approximately 450 families valley-wide. Newhaven also supplies services in homes in the community and has a learning center where children with autism are brought to work in a group setting with other children like them, as is typically done in normal pre-schools.

Mr. Rodriguez stated that he has seen how effective these services have been and noted that he has been in this industry long enough to know how it was when there were no services like these. He has seen the institutions of the past. He noted that without additional training that children with disabilities receive in their formative years, these individuals will no doubt likely become institutionalized by their adult years. He stated the earlier the intervention, the better the likelihood of success and opined that the Legislature does not want to be responsible for denying these citizens of the State services to improve their lives and the lives of their families.

Tracey Franks, Parent, testified that she is the mother of a child who has Fragile-X Syndrome. As a person who has been in the finance business for the last fifteen years, she stated that she could appreciate the difficult work that the Committee is doing.

Ms. Franks opined the JLBC budget proposal for DDD is brutal. It is so extreme that it does not allow the parents any room to obtain services on a realistic income. She remarked that a \$40,000

year salary for a family of four is not a lot of money. She estimated a cost of \$2,500 per month for her son's speech, occupational therapy, music and habilitation and respite that her family receives. She expressed her gratitude for these services and said that without them, her son would never be accomplishing things the experts said that he would. This is directly due to the DDD services he has received since he was two years old. She urged the Committee to reconsider the budget cuts for DDD/DES.

Karen Van Epps, DD Advisory Council, distributed a letter addressed to John Clayton, in response to the meeting the Council had last week (Attachment N). Within the letter are three items of concern the Council has:

- Including Parental Income for Title XIX Eligibility Determination And Requiring a 6% Premium for Services
- Increasing SSI Share of Client Costs
- District Consolidation

Ms. Van Epps commented that if people lose their Title XIX eligibility for their children, no matter how much they make, the children are uninsurable any other way. She urged the Committee to reconsider the JLBC budget proposal cuts to DDD/DES.

Jessica Irwin, Service Provider, testified that she works with over forty families within the Valley, which gives her a viewpoint of the family's circumstances. She opined that none of the families that she provides services for will be able to afford therapies once this proposal, if it were to be passed, were implemented. She suggested looking at the level at which the caps are currently set for fees paid to agencies for therapies for cost reductions. She opined that cutting services for whole groups of people is not the correct way to address the budget problem.

Ginny Hildebrand, Association of Arizona Food Banks, testified that food banks and other organizations that provide food coordination receive matches in food rather than matching funds. These matches come from the local communities and the federal government through a program called The Emergency Food Assistance Program (TEFAP) which last year provided approximately \$1.6 million in food entitlement funding for the State. Additionally, the State received \$6.4 million worth of bonus commodities. These commodities are items such as powdered milk, which the State can draw as much as the system can absorb, but there must be some funding in place to be able to move it once it arrives within the State. This is how the match occurs. She stated generous contributions from the food industry and food obtained in food drives etc. is another form of matching as well.

Ms. Hildebrand stated that there are eleven food banks within the State and they collected and distributed 133 million pounds of food statewide. Each food bank that contracts with the State for funding has a specific geographic service area so that there are not duplications in service areas.

Ms. Hildebrand noted that 58% of the agencies that the agency provides food to are faith-based organizations and the food that they receive from food banks represents a third to a half of the food they receive. This is an important link for these organizations.

Ms. Hildebrand commented that the demand on emergency food banks correlates to how the economy is doing. She stated that there has been a 30-40% increase in the demand for emergency food services since last summer. An estimate of 570,000 unduplicated people were served in the State last year. In 2001, the Food Bank was distributing approximately 9.5 million

pounds of food per month in the State. In 2002, the amount was 11 million pounds, an 11% increase. She commented that she trusts that the Legislature will do the right thing.

Roberto Armijo, Director, Community Information & Referral (I&R), Inc., testified that the dollars that the JLBC is recommending to be eliminated represents \$115,400, which is matched with \$300,000 federal dollars. These dollars fund the two information and referral call centers in the State.

Mr. Armijo stated that I&R centers have a long history in the State, having been funded by DES since 1978. In those years, there has not been an increase in the funding levels, consequently, the two organizations have had to look for other sources of revenue to support their activities. He stated that the I&R centers act as clearinghouses of social service information and maintain a database of over 7,000 organizations, many not-for profit community resources, that are available throughout State. He stated that over 300,000 people call in for information or referral for assistance with various problems.

Mr. Armijo commented that he is engaged in discussions with the Governor's Office and others about the role that information and referral centers can play in 211 anti-bioterrorism programs and communication programs in the State.

Mr. Armijo commented that should there be only a fraction of the reductions in services recommended in the budget proposals, the I&R will be needed more than ever.

Jim Adams, Autism Research Program, Arizona State University, distributed a handout entitled Financial Analysis of Impact of DDD Early Behavioral Interventions for Autism (Attachment O). He stated that the American Association of Pediatricians recommends intensive behavioral interventions as one of the primary treatment methods for autism, based on over 20 years of research. He commented that in a three-year period, this costs approximately \$42,000. The benefit for this intensive treatment is that roughly 10% of the families who receive these services effectively recover so much that they no longer receive DDD services. He stated that the reason it is only 10% versus the higher national average of 50% is that all the research studies are done with trained graduate students supervised by trained psychologists, where in Arizona the studies are done with people with high school degrees supervised by parents. Regardless, he opined the 10% chance to save \$2.75 million is extremely important.

Senator Burns announced the following people were present in support of the Executive budget proposal and opposed to budget cuts to DES programs/services: **Eddie Sissons, William E. Morris Institute for Justice; Allie Bones, Arizona Coalition to End Homelessness; Mary Lynn Kasunic, Area Agency on Aging; Donna Kruck, Arizona Bridge to Independent Living; Randy Gray; Cathaleen Fletcher; Tamra and John Martineau, Parents; Dave Cutty; Matthew Guthrie; Penny Free Burke, TERROS; Christine Clouse, Executive Director, West Valley Child Crisis Center; Connie Mitchell; Kathy Saile, Catholic Social Service; David Miller, Arizona Council of Human Service Providers; Darlene Newsom; Jane Lornergon; Angela DenTandt; Elena Dawes; Darlene Powell; Terry Guthrie; Monica Attridge, Arizona Consortium for Children with Chronic Illness; Mark Sirois, Arizona Community Action Association; Chris Taylor; Cindy Rose; and Gloria Hillard.**

Without objection, the meeting adjourned at 7:13 p.m.

Respectfully submitted,

Tracey Moulton
Committee Secretary

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