

ARIZONA STATE SENATE

46TH LEGISLATURE SECOND REGULAR SESSION

MINUTES OF SPECIAL JOINT MEETING SENATE AND HOUSE OF REPRESENTATIVES COMMITTEES ON APPROPRIATIONS

DATE: January 23, 2004

TIME: 9:00 a.m.

ROOM: SHR 1

CHAIRMAN: Senator Burns

VICE CHAIRMAN: Senator Waring

ANALYST: Carolyn Atwater

**COMMITTEE
SECRETARY:** Melissa C. Upshaw

ATTENDANCE

COMMITTEE MEMBERS

<u>Senate Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>House Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>
Senator Anderson	X			Mr. Barnes	X		
Senator Arzberger	X			Mr. Biggs	X		
Senator Bee		X		Mr. Boone	X		
Senator Cannell	X			Ms. Burton Cahill	X		
Senator Giffords	X			Mr. Carruthers		X	
Senator Harper	X			Mrs. Gray L	X		
Senator Martin	X			Mr. Hart	X		
Senator Mead	X			Mr. Huppenthal		X	
Senator Rios	X			Mr. Jackson Jr.	X		
Senator Soltero		X		Mrs. Johnson	X		
Senator Verschoor	X			Ms. Laughter	X		
Senator Waring, Vice Chairman	X			Mr. Lopes	X		
Senator Burns, Chairman	X			Ms. Lopez L	X		
				Mr. Loreda		X	
				Mr. Thompson	X		
				Mr. Konopnicki, Vice Chairman		X	
				Mr. Pearce, Chairman	X		

PRESENTATIONS

Bethany Nicholas, Fiscal Analyst, Joint Legislative Budget Committee (JLBC)

Manuel Cisneros, Director, Governor's Office of Equal Opportunity (GOEO)

Stephen Pawlowski, Budget Analyst, Governor's Office of Strategic Planning & Budgeting (OSPB)

Monica Seymour, Principal Budget Analyst, OSPB

Stephen Pawlowski, Budget Analyst, OSPB

Jeanine Dike, Superintendent, Arizona Pioneer's Home

Dawn Nazary, Budget Analyst, OSPB

April L. Osborn, Executive Director, Arizona Commission for Postsecondary Education

Mike Rooney, Chairman of the Arizona Commission for Postsecondary Education

Bonny J. Walter, Budget Analyst, OSPB
Patrick F. Chorpenning, Director, Department of Veterans' Services
Steve Grunig, Fiscal Analyst, JLBC
Richard C. Houseworth, Superintendent of Banks, State Banking Department
Dick Simmonds, Business Services Manager, Real Estate Department
Jeff McLellan, Fiscal Analyst, JLBC
Keith Fallstrom, Budget Analyst, OSPB
Duane Belcher, Director, Board of Executive Clemency
Brad Regens, Assistant Director, JLBC
Lorenzo Martinez, Assistant Director, JLBC
Leesa Berens Morrison, Director, Department of Liquor Licenses and Control
Bob Hull, Principal Research/Fiscal Analyst, JLBC
Kristine Ward, Budget Analyst, OSPB
Debra K. Davenport, Auditor General, Office of the Auditor General
Mike Braun, Executive Director, Legislative Council
GladysAnn Wells, Director, Library, Archives and Public Records
Richard Stavneak, Director, JLBC

Senator Burns called the meeting to order at 9:07 a.m. and the attendance was noted.

PRESENTATIONS

GOVERNOR'S OFFICE OF EQUAL OPPORTUNITY

Bethany Nicholas, Fiscal Analyst, JLBC, reviewed the handout entitled *Governor's Office of Equal Opportunity JLBC-Executive Comparison* (Attachment A), and answered questions posed by the members.

Monica Seymour, Principal Budget Analyst, OSPB, stated there are no differences between the OSPB and JLBC staff recommendation, and answered questions posed by the members.

Manuel Cisneros, Director, GOEO, provided an overview of GOEO's responsibilities (Attachment B), and referenced a letter dated February 19, 2003 from Michael Murphy, Arizona Department of Administration (Attachment C), regarding claims information for FY 2001-2002. Mr. Cisneros responded to questions relating to the Federal Equal Employment Opportunity Commission, and other questions posed by the members. JLBC and OSPB staff also answered questions raised by Representative Johnson regarding the expenditure for electronic mail equipment within the agency's budget.

ARIZONA'S PIONEERS' HOME

Bethany Nicholas, Fiscal Analyst, JLBC, referred to a handout entitled *Arizona Pioneers' Home JLBC-Executive Comparison* (Attachment D), and responded to questions posed by the members.

Stephen Pawlowski, Budget Analyst, OSPB, stated as Ms. Nicholas pointed out there are no differences between OSPB and JLBC staff recommendation regarding the funding source and where those funds will come from.

Jeanine Dike, Superintendent, Arizona Pioneers' Home, responded to questions posed by the members, and provided background information on the Arizona Pioneers' Home.

COMMISSION FOR POSTSECONDARY EDUCATION

Bethany Nicholas, Fiscal Analyst, JLBC, referred to a handout entitled *Commission for Postsecondary Education JLBC-Executive Comparison* (Attachment E), and pointed out the difference between the JLBC and Executive recommendation for this commission is the College Savings Plan Trust. Ms. Nicholas responded to questions posed by the members.

Dawn Nazary, Budget Analyst, OSPB, gave a brief overview of the Commission, its functions, and funding sources. Ms. Nazary answered questions posed by the members.

April L. Osborn, Executive Director, Arizona Commission for Postsecondary Education, introduced herself and **Mike Rooney, Chairman of the Arizona Commission for Postsecondary Education**, who was with her to answer any questions relating to the Securities Exchange Commission directive. Ms. Osborn responded to questions posed by the members. A copy of Ms. Osborn's testimony is attached (Attachment F).

Mr. Rooney, commercial lawyer in Scottsdale, Arizona, gave an overview of the federal securities law, and answered questions posed by the members.

DEPARTMENT OF VETERANS' SERVICES

Bethany Nicholas, Fiscal Analyst, JLBC, referred to a handout entitled *Department of Veterans' Services JLBC-Executive Comparison* (Attachment G), and responded to questions posed by the members.

Bonny J. Walter, Budget Analyst, OSPB, reviewed the handout entitled *Department of Veteran's Services* (Attachment H), and answered questions posed by the members.

Patrick F. Chorpenning, Director, Department of Veterans' Services, gave an overview of the agency's budget and issues, reviewed the items listed on OSPB's handout, and responded to questions posed by the members. Mr. Chorpenning provided a copy of the agency's *End of the Year Report – December 2003* (Attachment I), and an outline of his presentation (Attachment J).

STATE BANKING DEPARTMENT

Steve Grunig, Fiscal Analyst, JLBC, reviewed the *State Banking Department JLBC-Executive Comparison* (Attachment K).

Monica Seymour, Principal Budget Analyst, OSPB, reviewed the *Department of Banking Fiscal Year 2005 Budget Recommendation Select Policy Issues* (Attachment L).

Richard C. Houseworth, Superintendent of Banks, State Banking Department, stated that the budget presentation by OSPB is also the Banking Department's budget. A copy of Mr. Houseworth's verbatim testimony is attached (Attachment M).

REAL ESTATE DEPARTMENT

Steve Grunig, Fiscal Analyst, JLBC, reviewed the *State Real Estate Department JLBC-Executive Comparison* (Attachment N).

Monica Seymour, Principal Budget Analyst, OSPB, reviewed the *Department of Real Estate Fiscal Year 2005 Budget Recommendation Select Policy Issues* (Attachment O), and answered questions posed by the members.

Dick Simmonds, Director of Business Services & Special Assistant to Commissioner Elaine Richardson, Real Estate Department, testified on behalf of Elaine Richardson, Director, Real Estate Department, who was not able to attend today's meeting. Mr. Simmonds referred to the handout entitled *Arizona Department of Real Estate Statistics* (Attachment P), and answered questions posed by the members.

BOARD OF EXECUTIVE CLEMENCY

Jeff McLellan, Fiscal Analyst, JLBC, reviewed the *Board of Executive Clemency JLBC-Executive Comparison* (Attachment Q).

Keith Fallstrom, Budget Analyst, OSPB, reviewed the *Board of Executive Clemency Fiscal Year 2005 Budget Recommendation Select Policy Issues* (Attachment R).

Duane Belcher, Director, Board of Executive Clemency, gave an overview of the agency's responsibilities, staff cuts within the agency, and responded to questions posed by the members. A copy of Mr. Belcher's testimony is attached (Attachment S).

Brad Regens, Assistant Director, JLBC, responded to Representative Johnson's question regarding full time employee positions within the agency.

DEPARTMENT OF LIQUOR LICENSES AND CONTROL

Jeff McLellan, Fiscal Analyst, JLBC, reviewed the *Department of Liquor Licenses and Control JLBC-Executive Comparison* (Attachment T).

Monica Seymour, Principal Budget Analyst, OSPB, explained the \$4,000 difference between the Executive and JLBC recommendation by stating that the lease purchase payment for the Department's Tucson Office is increasing from their FY 2004 amount of \$14,600 to an FY 2005 amount of \$18,600. She stated that the Executive Office is funding the increase in the Certificates of Participation payments. Ms. Seymour distributed a handout entitled *Department of Liquor License and Control Fiscal Year 2005 Budget Recommendation Select Policy Issues* (Attachment U).

Lorenzo Martinez, Assistant Director, JLBC, responded to Representative Barnes' question regarding the lease payment increase, and he answered other questions posed by the members.

Leesa Berens Morrison, Director, Department of Liquor Licenses and Control, stated that she supports the Executive Office's recommendation. Ms. Morrison gave an overview of the agency's background, its responsibilities, and responded to questions posed by the members.

OFFICE OF THE GOVERNOR

Bob Hull, Principal Research/Fiscal Analyst, JLBC, reviewed the *Office of the Governor JLBC-Executive Comparison* (Attachment V). Mr. Hull pointed out that JLBC's recommendation for the Governor's budget is the same amount as the current fiscal year and the Executive concurs.

Kristine Ward, Budget Analyst, OSPB, was present to answer any questions. No questions were asked.

GOVERNOR'S OFFICE OF STRATEGIC PLANNING & BUDGETING

Bob Hull, Principal Research/Fiscal Analyst, JLBC, reviewed the *Governor's Office of Strategic Planning & Budgeting JLBC-Executive Comparison* (Attachment W). Mr. Hull stated JLBC recommends the same amount as the current fiscal year and the Executive concurs.

Senator Burns asked if there were any comments from OSPB. No comments were made.

LEGISLATURE

AUDITOR GENERAL

Steve Grunig, Fiscal Analyst, JLBC, reviewed the *Legislature – Auditor General JLBC-Executive Comparison* (Attachment X). Mr. Grunig stated that JLBC recommends the same amount for the Auditor General as received in FY 2004, except for one change. He said JLBC recommends three additional full time employees positions and \$245,000 from the general fund in FY 2005 for an audit team to conduct audits of Child Protective Services (CPS).

Senator Burns stated that by statute, the Executive does not make recommendations on Legislative branch agencies.

Debra K. Davenport, Auditor General, Office of the Auditor General, stated that in the interest of time and seeing members who are also members of her Joint Legislative Audit Committee, she would forego the formal presentation of the agency's responsibilities. Ms. Davenport said she would like to thank the Committee for acknowledging the efforts that the agency is going to have to ensue as part of H.B. 2024, which was passed during the Legislative Special Session. Also, the committee's consideration for funding of the three new full time employees for the team at CPS. Ms. Davenport answered questions posed by the members.

LEGISLATIVE COUNCIL

Bob Hull, Principal Research/Fiscal Analyst, JLBC, reviewed the *Legislature – Legislative Council JLBC-Executive Comparison* (Attachment Y). Mr. Hull noted that the Executive does not recommend on Legislative branch agencies.

Mike Braun, Executive Director, Legislative Council, stated that as Mr. Hull mentioned the recommendation for Legislative Council is a continuation of last year's budget. He said the Council had about \$16,000 remaining from last year and since they have a full year this year to prepare for, he believes they will be able to make it on the same budget. Mr. Braun reviewed the payment issue of Council of State Government dues, and answered questions posed by the members.

LIBRARY, ARCHIVES AND PUBLIC RECORDS

Steve Grunig, Fiscal Analyst, JLBC, reviewed the *Legislature – Arizona State Library, Archives and Public Records JLBC-Executive Comparison* (Attachment Z).

GladysAnn Wells, Director, Library, Archives and Public Records, thanked the members for their time and attention in meeting with her many times during the course of the year. Ms. Wells referred to the handout entitled *Arizona State Library, Archives and Public Records Appropriations Reduction Table* (Attachment AA), and she responded to Senator Cannell's questions regarding the storage of records. Ms. Wells announced that Senator Ruth Solomon is this year's recipient of the Polly Rosenbaum Award

JOINT LEGISLATIVE BUDGET COMMITTEE

Bob Hull, Principal Research/Fiscal Analyst, JLBC, reviewed the *Legislature – Joint Legislative Budget Committee JLBC-Executive Comparison* (Attachment BB), and pointed out that JLBC recommends the same amount as the current fiscal year.

Senator Harper raised the question regarding the JLBC Director's salary adjustment. Senator Burns stated that this is an ongoing effort that would be reviewed by JLBC members because it does entail changing the committee rules.

Richard Stavneak, Director, JLBC, stated that the Joint Legislative Budget Committee has yet to have its first meeting of the year and the committee rules would be adopted at that point, at which point they will be able to address the salary adjustment issue.

Mr. Hull responded to Senator Martin's question relating to Legislative Council by stating that was an issue that Mr. Braun talked about earlier.

HOUSE OF REPRESENTATIVES

Bob Hull, Principal Research/Fiscal Analyst, JLBC, distributed a handout entitled *Legislature – House of Representatives JLBC-Executive Comparison* (Attachment CC), and pointed out that JLBC's recommendation for the House's budget is the same amount as the current fiscal year.

SENATE

Bob Hull, Principal Research/Fiscal Analyst, JLBC, distributed a handout entitled *Legislature – Senate JLBC-Executive Comparison* (Attachment DD), and pointed out that JLBC recommends the same amount as the current fiscal year.

Senator Burns noted that he did not receive any speaker slips, and asked if there was anyone present who wished to be heard. There were no additional speakers.

There being no further business, the meeting adjourned at 1:10 p.m.

Respectfully submitted,

Melissa C. Upshaw
Committee Secretary

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