

ARIZONA STATE SENATE

46TH LEGISLATURE SECOND REGULAR SESSION

MINUTES OF COMMITTEE ON APPROPRIATIONS

DATE: February 11, 2004

TIME: 1:30 p.m.

ROOM: SHR 109

CHAIRMAN: Senator Burns

VICE CHAIRMAN: Senator Waring

ANALYST: Carolyn Atwater

COMMITTEE SECRETARY: Melissa C. Upshaw

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 1258	HELD
Senator Arzberger	X				
Senator Bee	X				
Senator Cannell	X				
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				

PRESENTATIONS

Michael Hunter, Vice President, Arizona Tax Research Association (ATRA)
Tim Sweeney, Fiscal Analyst, Joint Legislative Budget Committee (JLBC)
Derik Leavitt, Budget Analyst, Governor's Office of Strategic Planning & Budgeting (OSPB)
Tom Betlach, Deputy Director, Arizona Health Care Cost Containment System (AHCCCS)
Tony Rogers, Director, AHCCCS
Donna Kruck, Director of Advocacy, Arizona Bridge to Independent Living (ABIL)
Stefan Shepherd, Fiscal Analyst, JLBC
Kim Hohman, Fiscal Analyst, JLBC
John Malloy, Fiscal Analyst, JLBC
David Jankofsky, Director, OSPB
David Berns, Director, Arizona Department of Economic Security (DES)
Bruce Liggett, Executive Director, Arizona Child Care Association
Eddie Sissons, Executive Director, William E. Morrison Institute for Justice
Suzanne Schunk, Director of Family Support Services, National Association of Social Workers (NASW), representing Healthy Families of Arizona
Laraine Stewart, Chief Operating Officer, Area Agency on Aging Region I
Jami Snyder, Executive Director, Governor's Council on Developmental Disabilities
Beth Rosenberg, Senior Program Associate for Child Welfare, Children's Action Alliance
Judy Kany, representing the Amity Foundation and herself

Chairman Burns called the meeting to order at 1:40 p.m. and attendance was noted.

APPROVAL OF MINUTES

Chairman Burns stated that without objection the minutes of February 4, 2004 were approved as distributed.

CONSIDERATION OF BILLS

S.B. 1258 – provisional community colleges; expenditure limitation - HELD

Senator Burns announced that S.B. 1258 would be held for one week.

PRESENTATIONS

ARIZONA TAX RESEARCH ASSOCIATION

Michael Hunter, Vice President, ATRA, referred to a handout entitled *ATRA urges legislators not to miss another opportunity to improve Arizona's financial management* (Attachment A). Mr. Hunter responded to questions posed by the members.

PRESENTATION OF AGENCY BUDGETS

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

Tim Sweeney, Fiscal Analyst, JLBC, distributed two handouts, one entitled *Arizona Health Care Cost Containment System FY 2005 Budget* (Attachment B), and the other *JLBC-Executive Comparison* (Attachment C). Mr. Sweeney covered the total funding chart for AHCCCS, the differences between JLBC and OSPB budget recommendations, and total additional funds. Mr. Sweeney answered questions posed by the members.

Tom Betlach, Deputy Director, AHCCCS, responded to Senator Rios' question regarding the State Emergency Services Program and the Federal Emergency Services Program, specifically regarding a court decision relating to patients receiving routine dialysis.

Derik Leavitt, Budget Analyst, OSPB, referred to a handout entitled *AHCCCS FY 2004 Supplemental Recommendation & FY 2005 Budget Recommendation – Select Policy Issues* (Attachment D), and responded to questions posed by the members.

Tom Betlach referred to a handout entitled *AHCCCS Budget Issues Fiscal Year 2005* (Attachment E) that included AHCCCS' Fiscal Year 2004 Supplemental and an FY 2002 - FY 2005 Cost Comparison chart for Proposition 204 Program vs. Pre-Proposition 204 Medically Needy/Medically Indigent Program. Mr. Betlach responded to questions posed by the members.

Tony Rogers, Director, AHCCCS, addressed the Committee and responded to members' questions regarding an article that was referred to earlier in Mr. Betlach's testimony, AHCCCS growth rates, outpatient hospital costs and the Health Care Group.

Mr. Sweeney responded to a question regarding the differences between AHCCCS and the Department of Health Services on caseload assumptions – caseload and capitation rate differences.

Senator Burns announced the individuals who registered their support for the AHCCCS budget: **Lorie Mayer, Senior Program Associate for Health Policy, Children’s Action Alliance,** and **Timothy Schmaltz, Coordinator, Protecting Arizona’s Family Coalition (PAFCO).**

Donna Kruck, Director of Advocacy, ABIL, encouraged the Committee to look closely at the Health Care Group and how the State can work cooperatively with the Group, and she urged the Committee to consider the Governor’s proposal for KidsCare. A copy of Ms. Kruck’s testimony is attached (Attachment F).

ADOPTION OF AGENCY BUDGETS

DEPARTMENT OF BUILDING & FIRE SAFETY – ADOPTED

Senator Waring moved the JLBC recommendation for the Department of Building & Fire Safety including format and performance measures. The motion CARRIED by a roll call vote of 11-0-2 (Attachment #1).

DEPARTMENT OF WEIGHTS AND MEASURES – ADOPTED

Senator Waring moved the OSPB recommended funding level and the formats for the Department of Weights and Measures and JLBC performance measures with the footnote adjustment. FOOTNOTE: “The Department of Weights and Measures shall report to the Joint Legislative Budget Committee by March 1, 2005 on the amount of increased revenue generated by the agency through civil penalties, and the licensing of timing devices and meters. This report shall compare revenues generated in FY 2005 through February 1, 2005 with the comparable period in FY 2004 and shall indicate how much of the additional revenue was specifically generated by the newly filled positions.”

Brad Regens, Assistant Director, JLBC, noted a correction to the Explanatory Note on the sheet the members received, and explained the actual savings amount is \$522,300 rather than \$512,000.

The motion CARRIED by a roll call vote of 11-0-2 (Attachment #2)

UNIFORM STATE LAWS – ADOPTED

Senator Waring moved the JLBC recommendation including format and performance measures with the following adjustment: Add \$2,700 from the general fund for dues and registration fee increases for the Commission on Uniform State Laws budget.

Senator Harper offered a substitute motion.

Senator Harper moved the JLBC recommendation to include format and performance measures with the following adjustment: Decrease of \$15,000 in general fund monies to eliminate the Commission's travel budget.

Senator Harper explained his motion.

Senator Burns appreciated Senator Harper's effort in looking into this, however, he said he would oppose the substitute motion at this time.

The substitute motion FAILED by voice vote.

The motion to ADOPT the JLBC recommendation CARRIED by a roll call vote of 10-1-2 (Attachment #3).

ARIZONA PIONEERS' HOME – ADOPTED

Senator Waring moved the OSPB recommended funding level and format and the JLBC footnotes and performance measures for the Arizona Pioneers' Home with the following adjustments: Decrease of \$300,000 in general fund monies to reflect implementation of an asset spend-down policy for home residents. Add an ORB provision requiring residents with more than \$100,000 in assets to pay 100% of the average cost of care not otherwise covered by the resident's monthly income. Once a resident's asset level falls between \$75,000 and \$100,000, they would pay 75% of their cost of care. Between \$50,000 and \$75,000, a resident would pay 50% of the cost of care. Once a resident's level of assets is below \$50,000, they would no longer be required to apply their assets to the cost of care. The motion CARRIED by a roll call vote of 11-0-2 (Attachment #4)

ARIZONA HISTORICAL SOCIETY – ADOPTED

Senator Waring moved the JLBC recommendation, for the Arizona Historical Society, including footnotes, format and performance measures with the following adjustment: Add OSPB's ORB provision to amend statute to allow the society to charge fees for services beyond an admission charge.

Senator Arzberger offered a substitute motion.

Senator Arzberger moved the JLBC recommendation including footnotes, format and performance measures with the following adjustment: Add an ORB provision to amend statute to allow the Society to charge fees for staff services used by researchers accessing the Society's collections.

Senator Arzberger explained her motion, and responded to questions raised by Senator Soltero and Senator Burns.

Senator Burns stated that he would oppose the substitute motion for the same reason he listed with Senator Harper's motion, noting that they would have the opportunity to take a closer look and see what they might do in the future.

The substitute motion FAILED by voice vote.

The motion CARRIED by a roll call vote of 11-0-2 (Attachment #5).

STATE BANKING DEPARTMENT – ADOPTED

Senator Waring moved the JLBC recommendation for the State Banking Department including footnotes, format and performance measures with the following adjustments: Add \$82,000 from the general fund to fund 2 vacant examiner positions. FOOTNOTE: “The State Banking Department shall report to the Joint Legislative Budget Committee by March 1, 2005 comparing revenues generated in FY 2005 through February 1, 2005 with the comparable period in FY 2004. The report shall indicate how much of the department’s additional collections were specifically generated by the newly filled positions.” The motion CARRIED by a roll call vote of 11-0-2 (Attachment #6)

PRESENTATIONS ON AGENCY BUDGETS

DEPARTMENT OF ECONOMIC SECURITY

Stefan Shepherd, Fiscal Analyst, JLBC, distributed two handouts, one entitled *Department of Economic Security FY 2005 Budget* (Attachment G), and the other entitled *JLBC-Executive Comparison* (Attachment H). Mr. Shepherd reviewed the total funds for DES, FY 2004 supplemental for Developmental Disabilities (DD) / Long Term Care, and other CPS issues. Mr. Shepherd responded to questions posed by the members.

Kim Hohman, Fiscal Analyst, JLBC, referred to the same handout that Mr. Shepherd referred to and covered the other part of the FY 2004 supplemental, the Division of Children, Youth and Families, and other CPS issues. Ms. Hohman responded to questions posed by the members.

John Malloy, Fiscal Analyst, JLBC, also referred to the handout and reviewed the funding costs for child care, JOBS Staff, and other CPS issues. Mr. Malloy answered members’ questions.

Mr. Shepherd covered the funding costs for the Temporary Assistance for Need Families (TANF) and other TANF issues within DES.

David Jankofsky, Director, OSPB, stated that he was filling in for OSPB’s DES Analyst. Mr. Jankofsky reviewed the handout entitled *Department of Economic Security Fiscal Year 2005 Budget Recommendation – Select Policy Issues* (Attachment I), and responded to questions posed by the members.

David Berns, Director, DES, addressed the Committee and stated that the Department supports the Governor’s proposal for DES. Director Berns answered questions posed by the members, and provided a copy of his testimony for the record (Attachment J).

Bruce Liggett, Executive Director, Arizona Child Care Association, spoke in support of increased funding for child care without a waiting list. Mr. Liggett highlighted a few issues from the handout (Attachment K) he distributed for his presentation.

Eddie Sissons, Executive Director, William E. Morrison Institute for Justice, testified in support of the Governor's proposal, and answered questions posed by the members. A copy of Ms. Sissons' testimony is attached (Attachment L).

Suzanne Schunk, Director of Family Support Services, NASW, representing Healthy Families of Arizona, stated that on behalf of the Arizona Social Workers, about 2,000 statewide, they fully support DES' budget request. Ms. Schunk referred to a handout relating to Healthy Families (Attachment M), and responded to questions posed by the members.

Laraine Stewart, Chief Operating Officer, Area Agency on Aging Region I, spoke in support of the Governor's budget for the supplemental funds to support aging services.

Jami Snyder, Executive Director, Governor's Council on Developmental Disabilities, testified that the Council supports efforts to adequately fund DES programs that serve individuals with developmental disabilities, including the Division of Developmental Disabilities and the Rehabilitation Services Administration.

Beth Rosenberg, Senior Program Associate for Child Welfare, Children's Action Alliance, stated that the Children's Action Alliance supports the Governor's supplemental and FY 2005 requests for DES. Ms. Rosenberg briefly reviewed adoption services, permanent guardianship, substance abuse treatment and CPS staff for caseload growth. A copy of Ms. Rosenberg's testimony is attached (Attachment N).

Senator Burns announced the individuals who registered their support for the DES budget and those who were neutral on the DES budget (Attachment O).

Judy Kany, representing the Amity Foundation and herself, testified in support of the Governor's budget level for the Arizona Families F.I.R.S.T. program. Ms. Kany provided the members a copy of an article that was published in the Tucson Citizen on December 8 (Attachment P), and also provided a copy of her statement for the record (Attachment Q).

There being no further business, the meeting was adjourned at 5:11 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.)