

ARIZONA HOUSE OF REPRESENTATIVES  
Forty-seventh Legislature – First Regular Session

**COMMITTEE ON UNIVERSITIES, COMMUNITY COLLEGES  
AND TECHNOLOGY**

Minutes of Meeting  
Tuesday, February 8, 2005  
House Hearing Room 3 -- 1:30 p.m.

Chairman Knaperek called the meeting to order at 1:35 p.m. and attendance was noted by the secretary.

**Members Present**

Mr. Biggs  
Mr. Bradley  
Mr. Downing

Ms. Mason  
Mr. Miranda B  
Mrs. Rosati

Mr. Tully  
Mr. Allen J, Vice-Chairman  
Mrs. Knaperek, Chairman

**Members Absent**

None

**Committee Action**

H.B. 2465 – Discussed and Held

H.B. 2078 – DPA S/E (7-0-0-2)

**Speakers Present**

Pat Callan, National Center for Public Policy and Higher Education  
Brian Lockery, Majority Research Analyst  
Connie Harmsen, Chief Executive Officer, Banner Estrella Medical Center  
Marla Weston, Executive Director, Arizona Nurses Association  
Laurie Lange, Vice President, Public Affairs, Arizona Hospital and Healthcare Association  
Pamela Randolph, Education Consultant, Arizona State Board of Nursing  
Christine Brides, representing herself  
Matt Ortega, Director, Government Relations, Maricopa Community Colleges  
Kristen Boilini, representing Arizona Community Colleges Association (ACCA)  
Mike Sullivan, Majority Intern  
Jack Cross, representing himself  
Names of persons who did not speak (pages 9 and 11)

## PRESENTATION:

### Measuring Up:

Pat Callan, National Center for Public Policy and Higher Education, gave a presentation on higher education performance. He distributed two higher education reports published by the Center: Measuring Up 2004, the National Report Card (Attachment 1) and Measuring Up 2004, The State Report Card (Attachment 2). He advised his organization is a non-profit, non-partisan independent organization that was started by a consortium of national foundations in 1998 on the public policy side of higher education. The Center deals with issues that federal and state governments deal with. The Measuring Up report card was instituted in 2000 and focuses on results that can be measured and compared nationally. The underlying premise of the report card, based on economic and demographic analyses, is that any states that want to compete, have a high standard of living and give its people middle class jobs, must get more people through a good quality education and training beyond high school. It focuses on results only and how well a state is doing in getting people educated; it does not evaluate the institutions. Performance is measured by asking each state the following questions:

- Preparation – How well the state is doing getting young people through high school. Research shows that students who take certain courses in high school have greater odds of getting to college and succeeding. He advised that 17 states, including Arizona, do not track that.

Chairman Knaperek asked Mr. Callan to explain what Arizona does not track. Mr. Callan answered that Arizona does not track the course-taking patterns of high school students. He said the Center looks at upper-level science and math courses which research shows prepare students for college.

- Participation – How well the state is doing getting young people enrolled. Both young adults and working adults are looked at. Arizona is one of the leading states in working adults attending college part-time.

Chairman Knaperek queried whether only public education in Arizona is measured. Mr. Callan replied in the negative. He said all the education resources of a state are measured: public and private, two and four years, and for-profit and non-profit.

In response to Mr. Allen, Mr. Callan clarified that the chances of Arizona ninth graders finding themselves in college four years later is lower now than it was in 1992. Mr. Allen commented that might be a reflection of the changing population and demographics. Mr. Allen said first-generation Americans have a propensity to go into trades more than colleges and asked whether the report reflects that. Mr. Callan answered in the negative. He said the Center is convinced a state cannot afford to have a declining higher education enrollment rate because of the economic imperatives. He said the big losers in the American economy in the last 25 years are people with a high school or less education because opportunities are much more limited now.

Mr. Miranda related that a number of major corporations lobbied Congress last year for a tax incentive to shift some of their operations overseas. He asked about the job market. Mr. Callan

said it is virtually impossible to predict the labor markets. Outsourcing is one area of concern. He said one cannot control the global economy, but at least one can make sure as many people in the nation as possible are educated. He thinks the economy relentlessly punishes under-educated individuals, communities, states and countries. He said the evidence is that people who do not get education and training beyond high school are likely to have minimum wage service jobs. States that do not have a higher level of skilled workers are going to be at a real disadvantage, resulting in outsourcing of jobs.

Chairman Knaperek asked Mr. Callan to review Arizona's report card. She noted that the Center gave Arizona a "D" in Preparation, a "B+" in Participation, an "F" in Affordability, a "C+" in Completion and a "B" in Benefits. She asked for an explanation of the factors that earned Arizona this report card.

Mr. Callan explained the grades:

- Preparation – Students in Arizona are not getting through high school in large enough numbers. In addition, curriculum needs to be reviewed.
- Participation – The State is held up by service to adult part-time students. College opportunity for young students has been declining for the last decade.
- Affordability – The proportion of an family's income in relation to financial aid and tuition. Arizona's family income is low and the State does not make a commitment to need-based financial aid. Tuition needs to be tied to family income in Arizona. Income is the best predictor of who goes to college.
- Completion – Arizona has had a slight improvement in the completion rate.
- Benefits – The model looks at the economic value added to a state's economy because of Associate and Baccalaureate degrees.
- Student Learning – Every state received an "incomplete" grade because of lack of comparison data.

Mr. Callan said the value of the Arizona report is to let Arizona know how it stacks up in relation to the rest of the country.

Mr. Mirands said it seems the trend over the last 10 to 20 years is a downward cycle in terms of educating people for the job market. He wondered whether there will be a gradual turnaround or whether there is need for drastic shock therapy. Mr. Callan declared two of the biggest problems are a lack of sense of urgency as well as getting the involvement of states, colleges, universities and the federal government. He advised the Center has worked closely over the last few years with a number of states trying to improve their performance on these measures. In almost every state, there is a need for more public investment in higher education; however, in almost every state if the money is invested in the same manner as it is currently, commensurate value will not be given for that investment.

Mr. Allen asked whether the proportion of the private graduate rate compared to the public rate was studied. Mr. Callan replied in the negative. He said the Center looked at the State as a whole. A balance between public and private institutions is a very helpful thing in terms of competition and more choice for students. It also relieves a state of significant financial aid. He thinks public and private education is one of the strengths of the American education system. He said there is no evidence that either public or private education produces mediocre education. He spoke of the need to use both.

Mr. Downing referred to Mr. Callan's emphasis on the global economy and the position of the states within that competitive workforce. He noted there is no competitiveness measure that shows where the country fits within the global economy. He queried whether the Center has developed a competitiveness measure to be used along with the other measures. Mr. Callan agrees there should be an international indicator.

Mr. Downing noted this Committee, under the leadership of the Chairman, has developed five measures. He stated that benefits and affordability are not within this Committee's measures. He suggested the Committee adopt these two measures. He thinks the Committee should also consider designing its own measure on international competitiveness. In addition, he believes research and service should be added to the measures. Mr. Callan said he thinks it is important to limit the measures to no more than six or seven because they have to be understandable.

Recapping the presentation, Chairman Knaperek said a good system would be student based, student focused, of value to the public, have shared responsibility and collaboration from all of the groups and have a sense of urgency. Mr. Callan said the focus should be on performance, results and accountability. The ultimate measure is how well collectively the system meets the educational needs of the state. He suggested looking at the State of Kentucky and how its success will be judged.

#### CONSIDERATION OF BILLS:

H.B. 2465, universities; placement test

S/E: nursing education demonstration project; appropriation – DISCUSSED AND HELD

**Vice-Chairman Allen moved that H.B. 2465 do pass.**

**Vice-Chairman Allen moved that the Knaperek three-page strike-everything amendment dated 2/3/05 be adopted (Attachment 3).**

Brian Lockery, Majority Research Analyst, advised the Knaperek three-page strike-everything amendment dated 2/3/05 (Attachment 3) establishes the Arizona Partnership for Nursing Education Demonstration Project (Project) to increase the capacity of nursing education programs in Arizona (Attachment 4). The bill provides funding to the universities and community colleges in order to double the number of nursing students graduating from Arizona schools. The bill appropriates \$4 million in FY 2005-06 for this purpose and a conditional

appropriation of \$4 million in FY 2006-07 through 2009-10 is contingent on receipt of federal matching monies.

Connie Harmsen, Chief Executive Officer, Banner Estrella Medical Center, expressed support of the strike-everything amendment to H.B. 2465. She stressed there is a critical need for more nurses in Arizona. A 40 percent population growth in the past decade has contributed to the nursing shortage. The nursing education programs in Arizona graduate about 1,000 students each year, but she maintained that is not enough. In 2003, 756 qualified nursing applicants were turned away because the State did not have enough program capacity. Arizona hospitals have done much to recruit and retain nurses. The turnover rate has been reduced from 27 percent in 2001 to 15 percent in 2003. The shortage of full-time registered nurses (RNs) in health care settings is projected to increase from 17 percent in 2000 to 25 percent in 2010. Arizona hospitals are adding services and programs across the State.

Ms. Harmsen related that Banner Estrella Medical Center is the newest hospital in Maricopa County. Of the 1,000 employees, 400 are RNs, 100 are licensed practical nurses (LPNs) and 100 are certified nursing assistants. Banner developed a model that integrates LPNs with RNs so it will not need as many RNs. By the end of the summer, 172 beds will be occupied. Banner has been fortunate in that it has been able to fill its nursing needs but at a cost to other Banner Hospitals as well as to other hospitals across Maricopa County. Only 30 RNs from out of state have come to Banner even though a lot of advertising has been done nationwide. She opined that in two or three years when Banner is not the new hospital, it might not be as easy to recruit people.

Ms. Harmsen stated that Banner needs 4,830 RNs to staff all of its hospitals. Banner has seven hospitals in Maricopa County. Currently there is a 13 percent vacancy rate. Banner expects to put \$1 billion into new hospitals and expansions by 2010. That means a shortage of 1,900 RNs at Banner hospitals alone. That does not include other hospitals or other non-hospital services from the health care perspective where RNs are needed around the State. If only 1,000 RNs graduate every year, the projected shortage will be critical.

Chairman Knaperek advised Members this bill will be going to the Appropriations Committee. She asked why Banner cannot help out if the plan is to spend \$1 billion by 2010. Ms. Harmsen stated that Banner Health is already doing its part to help. It spends about \$3 million a year to fund 90 nurses for educational purposes. Most of the other health care systems are spending millions of dollars each year as well.

Mr. Miranda asked whether incentives are provided to nurses through the universities to retain nurses in the State. Ms. Harmsen answered that Banner encourages people to stay and work for the company for at least a two-year period.

Mr. Miranda queried whether the increased need for nurses is due to a spiked aging population. Ms. Harmsen replied that a young as well as an aging population has generated the need.

Mr. Miranda wondered whether the State is losing nurses to out of state hospitals. Ms. Harmsen informed Members that number may be less than 10 percent.

Mr. Miranda questioned the impact of hospitals offering contracts to people trained in foreign countries who speak English. Ms. Harmsen advised that Arizona hospitals do recruit nurses from foreign countries, particularly the Philippines, England and India. Banner recruits less than two percent of its nursing staff from out of the country.

Mr. Miranda brought up the nursing programs in community colleges. He wondered whether more reliance can be put on community colleges. Ms. Harmsen said she relies on both the university and community college programs.

Chairman Knaperek asked why the community colleges, the universities or the private sector do not open up more nursing classes. Ms. Harmsen stated the major challenge is to find nurses to serve as faculty. She said people can earn more money as an RN rather than a teacher.

Mr. Downing noted this legislation is asking for \$20 million over time to solve the problem. He queried the staffing ratio at Banner. Ms. Harmsen said staffing is based on a specific mathematical model which matches the needs of the patients.

Mr. Downing wondered if the marketplace is sending a message about working conditions. He asked about competition with other private sector firms. Ms. Harmsen related the Banner vacancy rate is 13 percent which is lower than the national average of 15 percent. The average for a full-time RN is \$45,000 plus excellent health and education benefits.

Mr. Downing noted the objective of this legislation is to double the workforce. He asked the percentage that would be absorbed by Banner. Ms. Harmsen said Banner would need 2,500 additional nurses over the next five years.

Mr. Tully questioned whether Banner has had on-going discussions with the universities. Ms. Harmsen replied in the affirmative. Mr. Tully asked the universities' responses for more nursing programs. Ms. Harmsen advised they want to be able to help, but also want hospitals to help by providing faculty, clinical residencies for clinical practice, and sharing supplies and equipment so they could have that in their training laboratories. She said nursing programs are extremely costly to universities.

Mr. Tully asked whether there are any private nursing schools in Arizona. Ms. Harmsen replied in the affirmative. Several health care systems have partnered with them.

Marla Weston, Executive Director, Arizona Nurses Association, testified in support of H.B. 2465. She stated that things have changed dramatically in the last four years. Salaries have not been competitive with others who had the same educational preparation. Hospitals, community colleges and universities have done a considerable amount of work to address the problem. From 2001 to 2003 nursing graduates have increased by about 22 percent, or around 1,200. The goal needed for the State is 2,000 graduates.

In reply to Ms. Mason relating to nursing needs, Ms. Weston replied that getting 2,000 graduates would meet current demand and projected needs for the next five to ten years.

Mr. Biggs referred to the language of the bill about collaborating with others. He said he assumes private entities, such as hospitals and other health care groups, will be contributing money. He asked what can be anticipated from the private sector. Ms. Weston said she understands the \$4 million from the General Fund will be matched by federal funds. The hospitals and health care communities have already contributed a considerable amount of money directly to nursing programs in funding nursing faculty. Mr. Biggs noted this particular collaboration will be funded by the State but private entities are not going to participate in this collaboration. He asked whether that statement is correct. Ms. Weston replied in the affirmative.

To that point, Mr. Bradley noted that health care institutions will be providing tuition assistance directly to students in addition to any other resources. Ms. Weston said that is correct. Every hospital is funding entry-level and continuing nursing education. The Nurses Association and the Hospital Association have scholarship programs. When that scholarship money is given, the commitment is that the students, in exchange, will stay within the State for a certain period of time.

Laurie Lange, Vice President, Public Affairs, Arizona Hospital and Healthcare Association, spoke in support of H.B. 2465. She advised that hospital partners have pledged \$4.1 million in 2004 through 2008 to universities. She does not have a number in terms of community colleges because the survey is not yet complete.

Mr. Allen said it seems that universities have control over the industry. He expressed concern about this bill and the precedent it sets for other occupations. Ms. Lange mentioned that the hospital community has had ongoing dialog with the universities about its nursing needs, and partnerships were formed. With this bill, the health care community is asking the State to partner with the private sector to solve this problem.

Mr. Biggs asked how the money will be distributed. Ms. Weston answered it will be allocated based on the number of nursing students that the universities and community colleges have right now. The money needs to be allocated in a way that makes fiscal sense. The universities and community colleges will decide how to best distribute the money based on community demand for the student and the programs.

Mr. Biggs referred to language in the bill that talks about money being allocated based on the number of nursing students graduating in 04-05. He said it is possible that ratios will shift over the years. The bill locks into fiscal 04-05. He asked how that potential problem will be addressed. Ms. Weston explained the rationale for allocating the money for one point in time is to guarantee to the school that they would have enough money to complete a full group of students. Mr. Biggs noted that in any college, students often change their major.

Mr. Biggs pointed out that this appropriation will go strictly to public universities and community colleges. Ms. Weston stated the rationale for that is that it is public money.

If this bill passes and the federal government matches those funds, Mr. Miranda queried the impact this legislation will have on the nursing shortage. Ms. Weston said she does not know

how the money will impact the shortage. The goal from 2000 was to double the number of nursing graduates. This legislation will assist to attain that goal.

Mr. Miranda asked whether the money will go directly to support the student or will go to administration. Ms. Weston answered that the entire amount will go for nursing faculty. No money will go to administration or for buildings or other functions.

Mr. Miranda asked if it would be better to put all the money into the community colleges, given the different levels of training required for positions. Ms. Weston replied in the negative. She thinks it is important to continue the Baccalaureate-prepared nurses.

Mr. Miranda queried how putting the money in the right area can be justified without a needs-assessment being done to establish the type of infrastructure needed to support and train additional nurses. Ms. Weston advised there has been an attempt to collect that data; however, it is not readily available.

Mr. Bradley wondered whether hospitals will continue to use private as well as public assistance for tuition assistance for nursing students. Ms. Weston replied the hospitals will attempt to use all of the avenues available to them, both public and private.

Mr. Bradley queried the number of licensed non-practicing nurses who are not now practicing their profession because of the nature of the work. Ms. Weston advised she has seen a figure of about 18 percent. She related the percentage is hard to quantify because some nurses retain their license even though they are retired.

Mr. Tully mentioned that it might be better to have the money follow the student to give students an incentive to graduate. Ms. Weston said that allocation of the money is a legislative decision.

Mrs. Rosati asked the number of foreign nurses who have a four-year degree and how many have been taught by teachers with a Master's Degree. She said the real problem in this country is that the National League of Nursing mandates that Master's Degree-prepared RNs teach two-year-degree RNs. She thinks a great many problems will be solved if four-year degree RNs teach two-year degree RNs. Ms. Weston advised that when nurses come here from a foreign country, they must demonstrate they have had a comparable level of education. She said she has not looked at that data but will get it. Mrs. Rosati said her point is that foreign nurses come to this country with the equivalent of a two-year degree.

Chairman Knaperek wondered if something can be done through the accreditation body since the problem is a shortage of instructors.

Mr. Downing asked if there is a detailed plan to double the workforce. Ms. Weston stated a detailed plan was developed in response to S.B. 1260 introduced a few years ago. The Hospital Association has a copy of that plan. Mr. Downing queried whether the plan goes beyond just how the money is divided. Ms. Weston replied that a considerable amount of work went into the plan.

A copy of a letter from the Arizona Board of Regents on S.B. 1260 was provided (Attachment 5).

Pamela Randolph, Education Consultant, Arizona State Board of Nursing, noted the State Board is neutral on H.B. 2465. She distributed a copy of the Accreditation Standards for Faculty in RN Nursing Programs (Attachment 6). She advised there are two accrediting agencies approved by the U.S. Secretary of Education to accredit nursing programs: the National League for Nursing Accrediting Commission (NLNAC) and the Commission on Collegiate Nursing Education (CCNE). NLNAC requires a minimum of a Master's Degree in nursing for all faculty. CCNE accredits Baccalaureate programs only. The majority of Arizona RN nursing programs are accredited by one of these two agencies. She said there is no evidence in the State that lowering the standard to Baccalaureate Degree in nursing would increase the supply of faculty.

Christine Brides, representing herself, testified in support of H.B. 2465. She said she is a "wait-listed" nursing student. She wants to be a nurse; however, she is currently prevented because of the waiting list to enter the nursing program. She stressed that Arizona's nursing education program needs to be supported.

Matt Ortega, Director, Government Relations, Maricopa Community Colleges (MCCs), spoke in support of H.B. 2465. He said it is consistent with MCCs' support and commitment to the provisions of S.B. 1260 introduced two years ago. It is a partnership of community colleges, universities and the private sector.

Mr. Downing asked if MCC would support this at the expense of MCC's other budget requests. Mr. Ortega said MCC supports this legislation because of the non-supplanting language.

Persons neutral on H.B. 2465 who did not speak:

Charlene Ledet, Special Assistant, State Relations, University of Arizona (UofA)  
Paulina Vazquez-Morris, Board Counsel, Arizona Board of Regents  
Greg Fahey, Associate Vice President, University of Arizona  
Jane Black, Co-Coordinator, Southern Arizona Nurses Coalition

Persons in support of H.B. 2465 who did not speak:

Brian McAnallen, Director, Government Relations, Scottsdale Healthcare  
Barbara Meaney, Vanguard Health Systems  
Jo Ridenour, representing herself  
Steve Barclay, President, Mayo Clinic, Arizona  
David Landrith, Vice President, Policy & Political Affairs, Arizona Medical Association  
Sue Chasin, System Director, Banner Health  
Tara Plese, Arizona Association of Community Health Centers

Kristen Boilini, representing Arizona Community Colleges Association (ACCA), testified in support of H.B. 2465. She advised that all 10 community college districts are committed to expand not only nursing programs but all the allied health care fields. Nursing is the single most expensive program in all of the community college programs. From a budget perspective, it has

been very challenging for community colleges. Five years ago, the full-time student funding from the state was \$1,200; now it averages about \$950. She said the community colleges do need additional resources to graduate more nurses. Community colleges are graduating about 70 percent of the RNs that are working in the field. She noted that community colleges have partnerships in almost any workforce development program. Those partnership resources have been stretched very thin because community colleges are trying to double the population of nurses. As to the needs assessment issue which was raised, the community colleges and the universities have worked together on a needs assessment through the year 2020.

**Vice-Chairman Allen withdrew his motion that the Knaperek three-page strike-everything amendment dated 2/3/05 be adopted (Attachment 3).**

**Vice-Chairman Allen moved a substitute motion that H.B. 2465 be held until further notice. The motion carried by a voice vote.**

Chairman Knaperek stated the bill needs further work and asked the interested parties to get back to her on the progress.

H.B. 2078, universities; rural health; technical correction

S/E: in-state tuition; spouses – DO PASS AMENDED S/E

**Vice-Chairman Allen moved that H.B. 2078 do pass.**

**Vice-Chairman Allen moved that the Knaperek three-page strike-everything amendment dated 1/25/05 be adopted (Attachment 7).**

**Vice-Chairman Allen moved that the Knaperek nine-line amendment dated 2/7/05 to the three-page strike-everything amendment be adopted (Attachment 8).**

Mike Sullivan, Majority Intern, explained the proposed three-page strike-everything amendment allows in-state student classification to a person whose spouse is an Arizona resident (Attachment 9). The spouse must be entitled to claim the person as an exemption for federal and state tax purposes. Additionally, a family member of a full-time teacher or classroom aid who has been a resident of this State for less than one year is eligible for in-state student classification only if the family member meets other statutory requirements for in-state student classification.

Mr. Sullivan explained the Knaperek nine-line amendment dated 2/7/05 to the three-page strike-everything amendment clarifies that the person's spouse must be a resident of the State for one year and demonstrate intent and financial independence to be classified as an in-state student (Attachment 8). In addition, this applies if the person's spouse was temporarily out of state for education purposes but maintained a domicile in this state. If the person's spouse is a non-citizen, the student must be in an eligible-visa status to classify as an in-state student for tuition purposes.

Jack Cross, representing himself, testified in support of H.B. 2078. He revealed this came to his attention when his son married last year and his new wife was from another state. She found it

was too expensive to attend Arizona State University (ASU) because she would have to pay out-of-state tuition. He said this applies to Arizona residents who intend to stay in the State.

Mr. Downing asked the number of people affected by this proposal. Chairman Knaperek stated the amendment to the strike-everything amendment narrows it somewhat.

Mr. Downing asked about financial independence. Mr. Lockery explained the amendment mirrors the language worked out with the universities and Senator Linda Gray in the Senate version of this bill. The language helps tighten language to ensure that a smaller population is affected. On the number of people impacted, discussions were held with the Arizona Board of Regents and with people at the universities. They are unsure of the number of people affected but they believe it is very small.

Persons in support of H.B. 2078 who did not speak:

Stefanie Cross, representing herself  
Serena Unrein, Associate Executive Director, Arizona Students Association

Person neutral on H.B. 2078 who did not speak:

Scott Smith, Director, State & Local Relations, Arizona State University (ASU)

**Question was called for on Vice-Chairman Allen's motion that the Knaperek nine-line amendment dated 2/7/05 to the three-page strike-everything amendment be adopted (Attachment 8). The motion carried.**

**Vice-Chairman Allen moved that the Knaperek three-page strike-everything amendment dated 1/25/05 as amended be adopted (Attachment 7). The motion carried.**

**Vice-Chairman Allen moved that H.B. 2078 as amended do pass. The motion carried with a roll call vote of 7-0-0-2 (Attachment 10).**

Without objection, the meeting adjourned at 4:10 p.m.

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Joanne Bell, Committee Secretary  
February 17, 2005

(Original minutes, attachments and tape on file in the Chief Clerk's Office)