

ARIZONA HOUSE OF REPRESENTATIVES
Forty-ninth Legislature – Second Regular Session

COMMITTEE ON APPROPRIATIONS

Minutes of Meeting
Wednesday, February 24, 2010
House Hearing Room 1 -- 2:00 p.m.

Chairman Kavanagh called the meeting to order at 3:40 p.m. and attendance was noted by the secretary.

Members Present

Ms. Cajero Bedford	Mr. Heinz	Mr. Schapira
Mr. Campbell CL	Mr. Jones	Ms. Sinema
Mr. Court	Mrs. McLain	Mr. Biggs, Vice-Chairman
Mr. Crandall	Mr. Murphy	Mr. Kavanagh, Chairman

Members Absent

Mr. Williams

Committee Action

HB2177 – DISCUSSED & HELD	HB2620 – DP (6-4-0-3)
HB2226 – HELD	HCR2038 – DP (7-4-0-2)
HB2385 – DPA (10-0-0-3)	

CONSIDERATION OF BILLS

HB2226 – school districts; personnel decisions – HELD

Chairman Kavanagh announced that HB2226 will be held.

HB2620 – withheld wages; written authorization; revocation – DO PASS

Vice-Chairman Biggs moved that HB2620 do pass.

Mike Huckins, Majority Research Analyst, explained that HB2620 prohibits an employer from withholding an employee's wages past the specified date in a written revocation of authorization by the employee, unless a court orders otherwise (Attachment 1).

Mike Colletto, Executive Director, Community Horizons, stated that he opposes HB2620 because members voluntarily sign a contract for dues deductions, which is fair and reasonable.

He sees no reason for the bill, but if so, it should be extended to all similar contracts for gym memberships, cell phones, etc.

Vice-Chairman Biggs announced the names of those who signed up in support of HB2620 but did not speak:

Allison Bell, Arizona Chamber of Commerce & Industry

Marcus Osborn, Manager of Government and Public Affairs, Arizona Chamber; Arizona manufacturers

Vice-Chairman Biggs announced the names of those who signed up in opposition to HB2620 but did not speak:

Julie Horwin, representing self

Rebekah Friend, Lobbyist, Arizona AFL-CIO

Molly McGovern, Service Employees International Union Arizona

Jennifer Loreda, Arizona Education Association

Question was called on the motion that HB2620 do pass. The motion carried by a roll call vote of 6-4-0-3 (Attachment 2).

HCR2038 – line item veto; limitation – DO PASS

Vice-Chairman Biggs moved that HCR2038 do pass.

Vice-Chairman Biggs announced the names of those who signed up in opposition to HCR2038 but did not speak:

Gini McGirr, Legislative Chair, League of Women Voters of Arizona

Doris N. Flax, Education Director, League of Women Voters of Arizona

Vice-Chairman Biggs announced the names of those who signed up in support of HCR2038 but did not speak:

Lorna Romero, Arizona Chamber of Commerce & Industry

Steve Voeller, President, Arizona Free Enterprise Club

Kevin McCarthy, President, Arizona Tax Research Association

Kieren Smyers, Majority Research Intern, explained that HCR2038 amends the Arizona Constitution by restricting the Governor's line item veto power to vetoes resulting in a reduction of expenditures (Attachment 3).

Question was called on the motion that HCR2038 do pass. The motion carried by a roll call vote of 7-4-0-2 (Attachment 4).

HB2177 – timeshares; technical correction – DISCUSSED & HELD

S/E: prison bed utilization; cost savings

Vice-Chairman Biggs moved that HB2177 do pass.

Vice-Chairman Biggs moved that the Kavanagh two-page S/E amendment to HB2177 dated 2/19/10 (Attachment 5) be adopted.

Mike Huckins, Majority Research Analyst, explained that the S/E amendment to HB2177 (Attachment 5) requires the Arizona Department of Corrections (ADC) to utilize the least expensive prison beds through June 30, 2012 (Attachment 6).

Mr. Murphy announced the names of those who signed up in opposition to the S/E amendment to HB2177 but did not speak:

John Kaites, representing Geo Group

Wendy Briggs, representing Cornell, in support of the S/E amendment to HB2177, discussed an offer made to ADC by Cornell for discounted beds, the Governor's budget for ADC and plans by ADC to construct a new facility. She stated that the S/E amendment requires ADC to avail itself of the least expensive beds over the next few years.

Charles Ryan, Director, Arizona Department of Corrections (ADC), in opposition to HB2177, talked about the offer from Cornell and plans for managing prison beds. He opined that ADC is in a far better position to manage its population, beds and resources than having it legislated. He responded to questions concerning damage to the dining and kitchen facilities at the Cheyenne Unit, cost of fixtures for 4,000 beds to be constructed in Arizona, privatization, a certificate of participation (COP) to pay for the 4,000 state-constructed beds and the cost of private, out-of-state beds.

Representative John McComish, sponsor, said he believes there is an opportunity to save money on additional beds through a private company in this time of budget crisis, which is the reason for the S/E amendment.

In response to a question, Ms. Briggs related that private and public prisons are held to similar requirements in terms of staff, security, etc. The additional beds with Cornell would be out of state.

Ms. Cajero Bedford pointed out that out-of-state beds would involve transportation costs, which are significant. Ms. Briggs responded that Cornell would pay the transportation costs.

Mr. Ryan advised that staffing requirements for out-of-state or in-state prisons require the approval of ADC. Transportation costs for out-of-state prisons are borne by the private prison. The current contract with Cornell ends in October 2010. The COP for the 4,000 state-constructed beds will be paid whether the beds are occupied or not, and prisoners currently in Cornell can be housed in Arizona. He indicated that he will email operating budget information relating to the 4,000 beds to the Members.

Ms. Briggs emphasized the need for the state to save money by utilizing the cheapest beds possible.

In response to a question, Mr. Ryan commented that he does not anticipate a significant cost savings if the inmates remain at Cornell. He surmised that if the contract is terminated early there would be penalties or claims filed by Cornell, but he has no intention to do that.

Mr. Murphy withdrew the motion that the Kavanagh two-page S/E amendment to HB2177 dated 2/19/10 (Attachment 5) be adopted.

Mr. Murphy withdrew the motion that HB2177 do pass.

Chairman Kavanagh stated that the primary purpose of hearing the bill is for information only.

HB2385 – schools; ADM calculation – DO PASS AMENDED

Mr. Murphy moved that HB2385 do pass.

Mr. Murphy moved that the Kavanagh six-page amendment to HB2385 dated 2/24/10 (Attachment 7) be adopted.

Zach Tretton, Majority Research Analyst, explained that HB2385 deletes the definition and statutory references of *average daily membership (ADM)* and modifies the definition of *average daily membership* as the total enrollment of the fractional students and full-time students who are enrolled on the 30th, 60th and 90th days in session, divided by three (Attachment 8). An amendment in the Education Committee included a fourth date on the 120th day in session and divides by four instead of three. The amendment to HB2385 contains the following provisions (Attachment 7):

- Reinserts language relating to the daily log used by school districts and charter schools in qualifying the average daily attendance of pupils participating in Arizona online instruction.
- Modifies the definition of *ADM* by reinserting the subtraction of withdrawal from its calculation.
- Includes the existing 10-day rule in accordance with allowable circumstances for excused absences as identified in current law.
- Replaces the 30th, 60th, 90th and 120th days of session with the dates of September 15, November 15, January 15 and March 15.
- Requires school districts and charter schools to report student absence data to the Arizona Department of Education (ADE) at least once every 60 days in session.
- Reduces the time frame in which a district or charter school may correct budget limit errors from three years to one year.
- Mandates that the ADE and Auditor General include a larger sampling on daily attendance records as part of ADM audits than were conducted in FY 2010-2011.
- Exempts Arizona online instruction from the Group A and Group B calculation requirements.
- Deletes the definition of *full- time instructional program*.
- Modifies the definitions of *fractional student* and *full-time student*.
- Adds an effective date of June 30, 2011.

Representative Tom Boone, sponsor, stated that the purpose of the bill is to reduce the cost to school districts and the state to maintain and report student count, school performance, etc., and improve the timeliness and accuracy of the information. He responded to questions about attendance, potential double counting of students and migrant student populations. When asked about the possibility of schools scheduling events to increase student count during the four days

when the count is taken, Mr. Boone said that relates to attendance, whereas the bill relates to enrollment. A student has to be enrolled at least 10 days prior to those four dates. Mr. Boone noted that during a stakeholder meeting issues were raised about accountability, so the bill contains additional audit requirements.

John Kaites, Education Finance Reform Group, spoke in favor of HB2385. He said this legislation is not about attendance; it is about a report that must be filed with ADE that involves a time-consuming process to accumulate information. Once the information is provided, ADE lets the school district know how many dollars are associated with the student count, but sometimes that information is received long after the budget is approved. This bill is intended to be revenue-neutral and reduce the amount of time spent to accumulate enrollment reports.

Justin Olson, Senior Research Analyst, Arizona Tax Research Association (ATRA), opposed HB2385. He related concern about ensuring that students not attending school are not counted and funded. The amendment almost addresses that concern with the 10-day provision; however, with the very broad exemptions for excused absences and leaving it up to the discretion of the school district whether a student's absence qualifies under one of the exemptions, there is no oversight on whether a student shows up or not. In response to a question, he stated that the statute currently reads that if a student does not show up for 10 days, the student is considered withdrawn unless there is an excused absence according to the ADE, which the bill removes.

Mr. Boone commented that he will offer an amendment in Committee of the Whole to reinstate that language. He pointed out that the bill has a delayed implementation date of July 2011 in order to work on any issues.

Mr. Murphy announced the names of those who signed up in support of HB2385 but did not speak:

Charles Essigs, Director of Government Relations, Arizona Association of School Business Officials

Sam Polito, representing Tucson Area School Districts

Janice Palmer, Governmental Relations Analyst, Arizona School Boards Association

Bobette Tomerlin, representing self

David Woodall, Benson Unified School District

Jim Migliorino, Deer Valley Unified School District

Kevin Hegarty, Glendale Elementary School District

Kent Deyoung, Higley Unified School District

Pat Dallabetta, Mayer Unified School District

John St. John, Sahuarita Unified School District

Brent Agenbroad, Sierra Vista Unified School District

Bill Christensen, Tolleson Elementary

Calvin Baker, Vail Unified School District

Morgan Day, Education Finance Reform Group

Joel Wirth, Chandler Unified School District

Mr. Murphy announced the names of those who signed up in opposition to HB2385 but did not speak:

Julie Horwin, representing self

Steve Voeller, President, Arizona Free Enterprise Club

Question was called on the motion that the Kavanagh six-page amendment to HB2385 dated 2/24/10 (Attachment 7) be adopted. The motion carried.

Mr. Murphy moved that HB2385 as amended do pass. The motion carried by a roll call vote of 10-0-0-3 (Attachment 9).

PRESENTATIONS

Potential State Parks Operating Concession Agreements

Chairman Kavanagh stated that because of funding problems, many state parks may have to close; however, the owner of a company that currently operates concessions at some Arizona parks and operates public parks in other states sent a letter suggesting that the company can run six state parks at no expense.

Warren Meyer, President, Recreation Resource Management, stated that the company is a private operator of public recreation. He presented information about the company and a proposal to operate some state parks under one-year contracts, including additional proposals for 10-to-20-year contracts, which, he said, is probably not necessary at this time (Attachment 10).

Mr. Crandall stated that he is impressed with how well Houston Mesa is run, which Mr. Meyer indicated that he operates.

In response to a question, Mr. Meyer addressed due diligence.

Update on Arizona Health Care Cost Containment System Costs by Joint Legislative Budget Committee

Chairman Kavanagh announced that JLBC will not be giving a presentation.

Potential State Parks Operating Concession Agreements (continued)

In response to a question, Mr. Meyer stated that the company has its own employees with different training and background than Arizona States Parks' employees, so he cannot promise jobs.

Renee Bahl, Director, Arizona State Parks, indicated that she has been talking with Mr. Meyer and other private concessionaires. Although Mr. Meyer sent a letter to the State Parks Board, the procurement bid and advertising process must be followed so other private entities have an opportunity to bid on this. She indicated that privatization is a great complement to offer additional amenities to make users' experience better, but even if this is done, it will not be possible to keep all of the state parks open. Every park is different and needs to be analyzed to determine which can or cannot be turned over to a third-party operation.

Ms. Bahl noted that Mr. Meyer's workforce is very flexible while State Parks' workforce is higher skilled and costs more. She believes a better solution would be to have a private concessionaire with some state employees at parks that are under contracts.

Mr. Crandall asked if concessionaire contracts state that any revenue stream to State Parks can be used for other necessities/parks. Ms. Bahl replied that is the way contracts were set up, but in the last 18 months, the \$54 million that was swept included money from concessions.

She stated that State Parks is getting back on its feet from December 2009 cuts and working with cities and counties to keep some parks open, which is much faster because it does not involve the public bid process. State Parks will continue to enhance private concessions at parks that remain open in hopes that revenues can be used to keep the best of the parks open. One of the major items that needs to be revisited is the private concessionaire at the marina at Contact Point in Lake Havasu City. Private concessions are a great tool, but State Parks needs a sustainable funding system for the entire parks system, and one proposal is HCR2040, sustainable state parks fund; however, she is open to any sustainable funding source.

Ms. Bahl and Mr. Meyer responded to questions concerning Mr. Meyers' employees, park security, potential agreements to have State Parks employees on the premises of state parks operated by a private company and preservation of historic buildings and archeological sites.

Without objection, the meeting adjourned at 5:44 p.m.

Linda Taylor, Committee Secretary
March 18, 2010

(Original minutes, attachments and audio on file in the Chief Clerk's Office; video archives available at <http://www.azleg.gov>)