Chairman Johnson called the meeting to order at 10:12 a.m. and attendance was noted by the secretary.

**Members Present**

Senator Harper
Senator Rios
Senator Verschoor
Senator Johnson, Cochair

Representative Allen
Representative Anderson

**Members Absent**

Senator Soltero
Representative Alvarez
Representative Rios
Representative Hershberger, Cochair

**Speakers Present**

Sandra Mendez, Program Manager, Community Action Programs & Services, Arizona Department of Economic Security
Cynthia Zwick, Executive Director, Arizona Community Action Association
Mary Lou Rosales, Executive Director, Community Action Human Resources Agency (CAHRA) Self-Help Housing Program
Judy Starn-Purtick, Program Manager, Northern Arizona Council of Governments
Susan Dempsey, Director, Human Services Department, Western Arizona Council of Governments
Wayne Tormala, Human Services Coordinator, City of Phoenix
Briselda Rodriguez, Human Services Department, City of Phoenix
Monica Ebersole, representing self
Betsy Bolding, Consumer Affairs and Corporate Relations, Tucson Electric Power
Bonnie Temme, Supervisor, Customer Resource Counselors, Salt River Project

Chairman Johnson noted that a quorum is not present, but testimony will be taken.
PRESENTATIONS

Sandra Mendez, Program Manager, Community Action Programs & Services, Arizona Department of Economic Security (DES), explained that the Community Service Block Grant (CSBG) Act is a federal anti-poverty block grant that funds operation of more than 1,100 government and private sector agencies nationwide that create, coordinate and deliver programs and services to low-income Americans in 96 percent of the nation’s counties. In Arizona, CSBG programs are administered by DES. Community action agencies (CAAs) and community action programs (CAPs) operate a variety of locally designated programs in order to raise the health, education and economic standards of Arizona’s economically disadvantaged citizens. Arizona’s CSBG programs help over 150,000 low-income individuals every year through a comprehensive network of 10 designated CAAs and 37 individual CAPs. Basic funding for the programs is provided through the federal CSBG, which is supplemented by state and private sector contributions. Arizona’s federal appropriation is approximately $5.1 million annually. CAPs coordinate these funds with other state, federal and local dollars to provide various kinds of services based upon local needs.

In response to questions, Ms. Mendez indicated that the amount of money given to each community entity is calculated using a funding formula that is primarily based on information from the 2000 Census, as well as unemployment data that is updated yearly. DES is allowed five percent for administrative costs. DES contracts with each of the 10 designated CAAs that are required to report administrative costs, and those costs are monitored monthly. She agreed to provide figures to the Members.

Cynthia Zwick, Executive Director, Arizona Community Action Association (ACAA), outlined the services provided by CAAs (Attachment 1), noting that the overall focus is to assist individuals and families who are in need of temporary assistance to become self-sufficient, based on a community-supported model. Currently 798,000 people in Arizona (14.2 percent) are considered low-income or living in poverty.

Mary Lou Rosales, Executive Director, Community Action Human Resources Agency (CAHRA) Self-Help Housing Program, advised Mr. Allen that illegal immigrants traditionally do not ask for services, but go to food banks or agencies that are known to help because they have a fear. She added that 2000 Census information was used to develop the figures quoted by Ms. Zwick.

Ms. Zwick indicated that she will find out the legal status of the people surveyed through the 2000 Census.

Ms. Zwick conveyed that the national poverty rate is 13.1 percent, so Arizona is slightly higher. For a family of four, this equates to an annual gross income of $19,356. She reviewed demographics of the 150,000 individuals served by CAPs in 2003 (Attachment 1, Page 3), adding that many of the people requesting assistance became ill and could no longer make house payments or support themselves as they did not have medical insurance, many lost their jobs, or their jobs were sent elsewhere, so their situations are usually temporary. The CAAs provide programs that emphasize prevention, as well as emergency and extended assistance, but the
focus is to help people get back on their feet and become self sufficient. The following handouts were provided to the Members:

- Testimony by Ms. Zwick (Attachment 1).
- Map of Arizona Designated CAAs by County (Attachment 2).
- Brochure published by the Arizona Community Action Association (ACAA) regarding Food Stamps (Attachment 5).
- Low Income Home Energy Assistance Program (LIHEAP) Fact Sheet (Attachment 6).

**Community Action Agency Services**

Judy Starn-Purtick, Program Manager, Northern Arizona Council of Governments (NACOG), described the case management model used by CAAs to help clients become self-sufficient (Attachment 8). She stated that many of the agencies have computerized programs for intake, and rural areas have a database that gathers all of the information on clients, which is required for reporting demographics. She noted that the Members were provided with a Partner Agreement listing some items available to assess clients and referrals (Attachment 9). An Arizona Self-Help Web site can be accessed by clients to answer questions about their household income, etc., which will indicate the programs for which they are eligible. A Budget Worksheet (Attachment 10) is used to determine how clients can best utilize money they have, and an Energy Checklist is provided if energy assistance is requested (Attachment 11). Clients are also provided with voter registration forms in order to participate in the community.

She stated that energy assistance programs include LIHEAP (Attachment 6) and Utility Repair, Replacement and Deposit (URRD), which can be accessed one time per year with certain maximums and minimums. Other programs include Food Stamps, the Arizona Health Care Cost Containment System, and the Earned Income Tax Credit (EITC). She added that she works in Yavapai, Apache and Navajo counties where the only administrative base provided for these programs is CSBG dollars, which may be $22,000 per year per agency, and amounts to a half-time case manager. The funds are used in collaboration with community efforts to assist people.

Mr. Anderson asked how someone who is wealthy would be prevented from asking for assistance. Ms. Starn-Purtick responded that the application process involves a check of past records in the database, clients must produce their last month’s statement of employment, utility bills and other items, or have a client statement. Some people do slip through the system, but there is so much paperwork that it rarely happens. If it does, efforts are made to ensure that the client does not receive future services. In the smaller communities, the agencies know who is eligible or not, and if not, it would become apparent shortly. She related to Mr. Anderson that clients are eligible for each of the programs one time for up to $1,500 or $900, depending on the program.
Mr. Allen asked if a client who received food stamps and Temporary Assistance for Needy Families money for the maximum two years could receive assistance. Ms. Starn-Purtick answered that there are limits on the dollars available, so hopefully clients would be in the community relying on their own resources by that time; otherwise, the client would be referred to resources within the community through churches or other benevolent associations. Getting people out of self-sufficiency is not a step-by-step logical process. Clients do get caught up in the system many times, which is why the money available is simply not enough.

Ms. Starn-Purtick related to Chairman Johnson that people with substance abuse problems are referred to agencies that help, such as the Families First Program. Whether the substance abuse is alcohol related or drug related depends on the county. In the area she works, it is mostly alcoholism. Families are not given money directly to spend on their drug of choice; instead payment is made to the mortgage or utility company, etc.

Mrs. Johnson asked if the agencies interact with Child Protective Services (CPS) when there are serious substance abuse problems in families. Ms. Starn-Purtick stated that CPS would be contacted immediately by the contracted agency, which is when the Families First Program comes into play. Teams in the community meet weekly to review the status of families and an annual report is prepared on the progress of the program. The contracted agency would remain involved to help the family become more self-sufficient.

Susan Dempsey, Director, Human Services Department, Western Arizona Council of Governments (WACOG), pointed out that a substance abuser cannot spend rent or mortgage money and then request assistance. Anyone who tried to do so would be referred to outside agencies or the religious population. Advocacy on behalf of getting the client into rehabilitation helps many times. Sometimes landlords will work with them if the client is making an effort to move in the right direction, but often assistance cannot be provided. She added that WACOG has multiple fund sources that are tracked, so people cannot obtain various services each month. Services are provided once every 12 months.

She related that WACOG covers a large area and has much oversight. In running the department, she goes through the Community Action Board, which is a tri-partite board with elected officials, private citizens, and low-income representation. After that, she goes to the WACOG Management Committee made up of city and town managers and county managers of every city and town within the area. Following their approval, she goes to the Executive Board, which is elected officials from every city, town, and county within the area, as well as the county school superintendents. Housing is very important to all of these groups. Much can be done cost effectively because WACOG can achieve the economy of scale that many small communities cannot. Many of the programs are not self-sustaining, so CSBG is the glue that holds the programs together.

Ms. Dempsey added that CSBG was zeroed out in the President’s budget proposal, which means many programs in Arizona would cease to function, including many housing programs. The programs bring to the community housing affordability, increased property values, neighborhood beautification, community pride, and neighborhood revitalization. She provided a slide presentation concerning WACOG’s housing programs in Region IV communities: URRD, Home Adaptation, Weatherization, Minor Rehabilitation and Major Rehabilitation (Attachment 12).
Ms. Dempsey related to Senator Harper that all participants of the housing programs are U.S. citizens. Their employers are not tracked, but the information is in the database. Many of the clients are service workers or social security recipients (elderly). Clients are not asked if a family member could help, but often people are fairly isolated from family members, except for a spouse, daughter, or son who cannot pay for substantial household needs.

Senator Harper commented that people in America are dumping their elderly parents on the government rather than taking care of them. There is a breakdown in family values in this country.

Mr. Allen asked what happens if a client’s house should be condemned. Ms. Dempsey responded that it happens. If the entire house is dilapidated, a total reconstruct would be done through the Major Rehabilitation Program. She advised Mr. Allen that in conducting an analysis, it was determined that a total reconstruction would cost about the same as a doublewide. Many communities prefer that a stick home be built rather than bringing in a mobile or doublewide, and it depends on how the land is zoned.

Senator Johnson asked if there is a stipulation that clients cannot sell the homes and make a profit. Ms. Dempsey replied that when rehabilitation is done, there is a deferred, forgivable loan, and the length of the lien on the property depends on the amount invested in rehabilitation. Emergency Repair and Weatherization are grant programs, so a lien is not placed on the property. People do not often attempt to sell the homes since they are usually elderly individuals who do not plan to leave in the near future.

Ms. Dempsey advised Mr. Anderson that the Human Services Department is currently funding a regional housing affordability study. Seven public hearings were held, which a minimum of 35 people attended. The issue is substantial in Yuma County because housing costs are doubling. A task force is being put together to identify ways to provide a stable housing base for schoolteachers, service workers, firefighters and policemen who currently cannot afford to live in their own communities.

Senator Johnson noted that as the homes are improved, property values increase, which means property taxes also increase, so people on very fixed incomes or low incomes could be driven out of their homes. Ms. Dempsey responded that when a total reconstruct is done, WACOG works with the family to make sure the home is still affordable. If a family encounters a hardship, especially the elderly who will go without food or medicine to pay bills, they are asked to contact WACOG about eligibility for short-term crisis services. It is an ongoing process. Not many people use every service that is available, but often families need a helping hand to become stabilized, and housing is very important. She added that CSBG is vital to the success of these programs.

Wayne Tormala, Human Services Coordinator, City of Phoenix, noted that the city utilizes CSBG funds for three community initiatives. He reviewed the first initiative, the Earned Income Tax Credit (EITC) Campaign, aimed at increasing awareness and utilization of the EITC Program by low and moderate-income families and individuals (Attachment 13).
Briselda Rodriquez, Human Services Department, City of Phoenix, related her experience as a single mother of two children. Her friend told her about the EITC Program, so she applied. The refunds she received helped her realize her dreams to get her family out of subsidized housing and move to a safer environment, purchase a car, and further her education in order to obtain a better-paying job (Attachment 14).

Senator Rios congratulated Ms. Rodriquez, stating that she is probably very much like the majority of people who temporarily rely on the system, but want to be self-sufficient.

Mr. Tormala reviewed the second initiative, the Financial Education Program, whereby city and local financial institutions work together to provide no-cost financial management classes for adults and children, information and linkages to savings and asset development programs, and information on how to safeguard against predatory lending practices (Attachment 14). He related to Mr. Anderson that incentives for people to attend the classes include providing a meal such as pizza, running the adult and child classes concurrently, providing U.S. savings bonds, a free life insurance policy for 10 years with MassMutual, and free bank accounts offered by local financial institution representatives.

He reviewed the third major initiative funded by CSBG dollars, Faith-Based Initiatives, where discussions were initiated with key gatekeepers across a range of faith-based communities to explore the potential for advancing the efforts of government and faith communities to improve the lives of low-income families and communities (Attachment 14). Two summits were held with just under 100 faith groups in attendance. The first summit involved listening to what the faith groups want to do, the barriers, and the kind of help they could use. At the second summit, funders talked about their involvement and skill-based workshops were held on grant writing and how to interface with government services more effectively. Three subgroups are now putting together a curriculum of skill-building opportunities over the next year. He added that he also facilitated meetings between foundations and local faith communities to talk about interests and working together.

Chairman Johnson announced that a quorum is now present.

Mary Lou Rosales, Executive Director, Community Action Human Resources Agency (CAHRA), stated that CAHRA is the designated CAA in Pinal County, and therefore, receives CSBG dollars that provide base funding to analyze and identify needs and gaps in services and work to bring in service programs for those needs. She provided an overview of the Mutual Self-Help Housing Program, which enables low-income families to help build their own and their neighbor’s homes in Eloy and Coolidge (Attachment 15). She advised Senator Johnson that CAHRA goes out to bid for the subcontracting and pays for the work. The families do have to sign the check, along with an employee of the U.S. Department of Agriculture (USDA) Rural Development Department, but the families never have access to the bank account.

Monica Ebersole, representing self, testified that before CAHRA assisted her, she was living in a very substandard home. It was an older building that was her grandmother’s with no cooling or heating systems. A friend asked her to apply, so she did and qualified for the home. Now her children have a safe home with cooling and heating and their own bedroom with closets in which to put their clothes. Without CAHRA, she would probably be homeless now. She and a group
of five other women built their homes for 12 months, and she put in about 1,600 hours. She related to Senator Verschoor that she did some framing, exterior and interior walls, laid floor tile, painted, put up base trim, spackled, caulked, put up windows and doors, and landscaped.

Ms. Rosales advised Senator Verschoor that the loans are guaranteed through USDA Rural Development. During the first few years, Rural Development provides a list to CAHRA of anyone who may be behind in payments so problems can be identified and assistance provided. Out of the 24 homes built to date, about 3 were behind, but CAHRA was able to provide assistance. In one case, a young lady lost her job and had three young children, but with case management, she was able to get back on her feet.

In response to questions, Ms. Rosales related that CAHRA has not evicted anyone, but Rural Development has. One couple in the first group had marital problems, split up, and the home went into foreclosure. Rural Development attempted to find an owner through their list or people applying, but was not successful, so the house was auctioned. The loans are conventional 30-year loans that can be paid off early. The owners must report their income on an annual basis, so if there is an increase in income, any subsidy is reduced accordingly. The owners pay property taxes on the homes, which is built into the loan. Owners can borrow against the equity in the home through Rural Development or with approval from Rural Development, but that rarely occurs because Rural Development is very particular. Many times it only happens if the owner is able to qualify through another lender.

Senator Verschoor recalled Ms. Rosales mentioning that 70 percent of people in the program are registered voters and asked how many people that would encompass. Ms. Rosales stated that she does not have the data, but the study was nationwide and can be found at www.ruralhome.org. She advised that in Arizona in FY 2004, 134 homes were built and there are about that many traditionally. Three new organizations are seeking grantee designation in the southeastern part of the county, rural Tucson, and Flagstaff on the Indian reservation.

Senator Rios congratulated Ms. Ebersole on her home.

Ms. Rosales advised Senator Rios that there are four homes in Coolidge and the rest are in Eloy or Toltec (subdivision of Eloy). CAHRA is designated to cover all of Pinal County minus Casa Grande, which has its own program, and Apache Junction, which is considered rural. Casa Grande is still considered rural on a continuing certification, but at some point, will not be. CAHRA will work with any community that has a group. Experience is that probably 1 out of 100 people interviewed might be a good candidate immediately, so it is best to start with a group of 20 or so.

Senator Rios stated that the Self-Help Housing Program is only one of the programs CAHRA operates. She noted that many families in copper mining areas that have always been self-sufficient are having difficult times, and CAHRA has been very helpful.

Betsy Bolding, Consumer Affairs and Corporate Relations, Tucson Electric Power, stated that Arizona CAAs and major utilities have been working together to better serve low-income customers. While utilities realize they provide a basic vital service to low-income customers, they also recognize that those customers are paying a greater percentage.
15 and 25 percent of their monthly income is spent on utility bills, whereas the average payment is 3 to 6 percent. That is a huge percentage and people simply cannot pay their bills, so the utilities do what they can to work with them, and their partners are the CAAs and other agencies that offer energy assistance, etc. With between 13 and 19 percent of the collective customer base of the five major utilities (depending on the locale), getting low-income households to efficiently and effectively manage their energy use is also important.

Ms. Bolding said she also works with Unisource Energy Services on low-income issues in Coconino, Yavapai, Apache, Mohave and Santa Cruz counties on energy education, weatherization, and outreach regarding other programs that are available. With CSBG funding flexibility, the CAAs determine who is qualified for energy assistance and provide assistance. She noted that all of the utilities have a discount program of some kind. Most have a fund that encourages and allows customers to round off or add more money to their bill for energy assistance that are usually managed by a CAA, Salvation Army, etc. In addition, there is a variety of different funds. For example, TEP has a quasi trust fund containing $4.5 million of corporate money, and the interest earned goes to energy assistance for customers, which the Salvation Army manages. She conveyed that the five utilities involved are Salt River Project (SRP), Arizona Public Service Company, Southwest Gas, TEP and Unisource Energy Services, all of which contributed about $13 million in private funds last year to a range of customers.

She related that this past year, the state’s major utility companies took a special interest in the URRD fund, which is unclaimed utility deposits that are sent to the state and distributed back for repair and replacement of items like water heaters, refrigerators, coolers, and for deposits. The community action partners manage those effectively and efficiently. The utilities worked with the ACAA this year to fine tune legislation to enhance its effectiveness and better serve low-income customers. The ongoing relationship with the community action partners helps the utilities keep customers in service. The utilities are in business, but also realize that helping customers manage and reduce their energy use and manage their bills ultimately benefits their entire customer base. The agencies work hard to maximize resources, which utilities believe is a terrific and excellent investment that benefits the entire state.

Bonnie Temme, Supervisor, Customer Resource Counselors, Salt River Project, stated that SRP has a dedicated team of customer resource counselors who work directly with low-income customers and CAAs. She reviewed the four specific partnerships: EITC, Resource Roundup, the Economy Price Plan Monthly Discount, and ACAA and Actor’s Theater Event (Attachments 16, 17, 18, 19, 20 and 21). She added that the utilities are partners with the community agencies and contact them on a daily basis.

Ms. Zwick recognized that much information was provided, but expressed appreciation for the opportunity. She invited the Members to visit any of the CAAs and CAPs, indicating that perhaps Ms. Ebersole would allow a tour of her home, which is amazing. She added that Congress needs to appropriate the funds for this funding source. Before Hurricane Katrina, Arizona anticipated an appropriation in the U.S. House budget bill of $320 million and $636.8 million from the U.S. Senate budget bill. She believes that will be restored to the $636 million level, which is what is needed to maintain services at the level provided in the last year. Any support the state can provide in that area would be very much appreciated.
Ms. Zwick added that LIHEAP is a fairly flexible funding source that is leveraged throughout the agencies to support various programs in communities. Arizona is the least funded state for households in the nation and currently funds four percent of the need. There could be an increase in the appropriation this year of $2.6 billion, and if that happens, Arizona would receive a significantly larger amount of money. If the appropriation goes up to $3.4 billion, Arizona would receive 300 percent more than today and still not be able to meet the need, but more of the need would be met.

She expressed appreciation for the support provided by DES and indicated that any support the Legislature can provide to DES in the funding cycle would be appreciated. She offered assistance as the legislators approach the next legislative session.

Chairman Johnson expressed appreciation for the information provided and thanked everyone for attending.

Without objection, the meeting adjourned at 12:22 p.m.

Linda Taylor, Committee Secretary
September 28, 2005

(Original minutes, attachments, and tape are on file in the Office of the Chief Clerk.)