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Speaker Jake Flake

House Bill 2535

June 17, 2003

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The Honorable Jake Flake
Speaker of the House
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007

Re: House Bill 2535, Health and Welfare Omnibus Reconciliation Bill

Dear Speaker Flake:

Today I signed House Bill 2535, the health and welfare omnibus reconciliation bill, while at the same time exercising my line item veto authority over six specific items of appropriation.

Without the line item vetoes set forth below, House Bill 2535 would have cut funding for a number of programs and funds that are extremely important to the health and welfare of Arizonans. Although I recognize that in this time of financial austerity, it is not possible to fully fund all such programs, I have line item vetoed the sections of House Bill 2535 that would have cut funding for vital records, substance abuse, emergency dental care, the medically needy account, the budget neutrality compliance fund and the health care crisis fund. In light of my decision with respect to House Bill 2533 to line item veto the expenditure of \$75 million in 2003-04 funding for the Ladewig settlement (which payments are not due until 2005), there is sufficient funding in the 2003-04 budget to restore these appropriations.

For these reasons, and those set forth below, I have line item vetoed the following specific items:

1. Vital Records. I line item vetoed Section 4 (page 5, line 30 – page 6, line 9). This section would have decreased the funding available for revamping the state's antiquated vital records system by allowing funds from the vital records electronic systems fund to be diverted for use to cover the operating costs of the Department of Health Services. The legislature recently established this fund to help DHS respond to legitimate requests for public records. The updating of the system to store and access these records has

begun and to reduce the monies from this fund at this time would reverse the progress made toward system upgrades.

2. Substance Abuse. I line item vetoed Sections 9 (page 10, lines 26 – 42), 11 (page 11, lines 31 – 42), 12 (page 12, lines 1–25), 14 (page 12, lines 42-43), and 41 (page 62, line 36 – page 63, line 18). Sections 9 and 12 of House Bill 2535 would have eliminated further appropriations to the substance abuse services fund. This would have been shortsighted because it would have resulted in a loss of state matching funds to secure

additional federal funds for substance abuse. (Sections 11, 13 and 41 are simply the conforming technical changes made necessary by the proposed changes to sections 9 and 12). By vetoing these items, we restore approximately \$3.3 million of badly needed substance abuse funding that can be used to help treat Arizonans who have been ordered by courts to seek substance abuse treatment, but who lack the financial resources to pay for it. Without this treatment, many of these people are likely to continue abusing controlled substances, which not only hurts the user and society generally, but costs the state significantly more in future incarceration expenses.

3. Emergency Dental Care. I line item vetoed Sections 21 (page 37, line 1 – page 40, line 6), 22 (page 40, lines 7-19), 26 (page 45, lines 1 – 44), and 27 (page 46, line 1 – page 47, line 4). Section 21 of House Bill 2535 would have eliminated funding for emergency dental care and extractions for needy Arizonans over age 21. (Sections 22, 26, and 27 would have made conforming technical changes). Arizona grossly underfunds dental care for the needy. The result is often that the indigent elderly lack the teeth needed to eat, and therefore suffer malnutrition and various corresponding diseases that are more costly to treat than emergency dental care. The elimination of this program also would have resulted in the loss of \$2.5 million in federal funding for dental care in Arizona.
4. Medically Needy Account. I line item vetoed Sections 25 (page 42, line 26 – page 44, line 44) and 31 (page 49, line 36 – page 50, line 5). In 1996, pursuant to Proposition 200, the voters of Arizona created the medically needy account, funded by the tobacco tax and health care fund. The uses for this account were specified by the voters, who also made clear that the monies in the account “shall only be used to supplement monies that are appropriated by the legislature” for AHCCCS. The voters made clear that monies in the account “[s]hall not be used to supplant monies that are appropriated by the legislature for the purpose of providing” AHCCCS services. Notwithstanding these voter approved continuing appropriations, Sections 25 and 31 of House Bill 2535 would allow the legislature to appropriate monies from the medically needy account in contravention of the will of the voters. It is

neither wise nor necessary to disrupt the intent of Arizona’s voters in this manner.

5. Budget Neutrality Compliance Fund. I line item vetoed Section 33 (page 50, lines 9-41). Like businesses, agencies require flexibility to manage their operations. Agency directors are expected to serve ever growing populations with fewer and fewer resources. The proposed conversion of this fund to appropriated status will hamper the Executive’s ability to react to inevitable fiscal challenges.
6. Health Crisis Fund. Finally, I line item vetoed Section 62 (page 71, lines 1 – 9). I am both troubled and perplexed by the legislature’s failure to fund the health crisis fund in this year’s budget. As most legislators know, the \$1 million that is annually appropriated to that fund has come in handy in recent years. This year, for example, money from that fund was used to help the financially strapped Winslow Hospital, the only hospital within an hour’s drive of the Winslow community. Unlike the Ladewig appropriation that would have gone unused in fiscal year 2003-04, money in this fund may very well be needed in the coming year; if there is no health crisis in the coming year, the money will carry over to be used in ’04-’05.

Yours very truly,

Janet Napolitano
Governor

cc: The Honorable Ken Bennett