

EXHIBIT B

Minutes
Senate Committee on Children and Youth and the House Committee on
Aging, Children and Youth, Legislative and Military Affairs
Meeting Jointly
Wednesday, September 10, 2014
1:00 p.m., Big Mac A
Little Rock, Arkansas

The Senate Committee on Children and Youth and the House Committee on Aging, Children and Youth, Legislative and Military Affairs met jointly on Wednesday, September 10, 2014, at 1:00 p.m. in Committee Room A of the Big Mac Building in Little Rock, Arkansas.

Committee members present were: *Senators* Stephanie Flowers, Chair; Bart Hester, Vice Chair; and Linda Chesterfield. *Representatives* David Meeks, Chair; Randy Alexander, Charles Armstrong, John Baine, Ken Bragg, Mary Broadaway, Jody Dickinson, Charlene Fite, Bill Gossage, Mike Holcomb, John Payton, and Sue Scott

Non committee members present: *Senators* Joyce Elliott, Michael Lamoureux and Eddie Joe Williams. *Representatives* Duncan Baird, Kim Hammer, Debra Hobbs, Karen S. Hopper, Douglas House, John Hutchison, Kelley Linck, Walls McCrary, Eddie Williams, and Tommy Wren.

Consideration to approve minutes of August 13, 2014: [EXHIBIT B]

Without any objections the minutes were approved.

Interim Study Proposal (ISP) 2013-191 and ISP 2013-192 [EXHIBIT C] [EXHIBIT C-1]

Representative Meeks recognized **Representative Charlene Fite**. She informed the committee that she is withdrawing ISP 2013-191 and 2013-192.

ISP 2013-190 [EXHIBITS D, D-1, D-2]

Representative Charlene Fite and **Colonel Don K. Berry**, Arkansas Veterans Coalition. Representative Fite presented ISP-2013-190 and stated the State of Arkansas needed to be more economically competitive with surrounding states. Her effort is to boost the workforce and the economic development opportunity through a state income tax exemption for United States Armed Force retirees. Arkansas is at a distinct disadvantage for attracting retired service men and women to Arkansas. Veterans are moving to surrounding states because they have this exemption. If Arkansas wants to attract and retain skilled disciplined and loyal workers, it needs to eliminate the reason why veterans go elsewhere to launch second careers, and capitalize on veteran retirees' leadership experience, discipline, technical skills, and entrepreneurial spirit as well as target access to new federal dollars. She stated that these are the people that will help the Arkansas economy and not drain from it. This proposal is to offer Arkansas the opportunity to attract this very valuable workforce.

Colonel Berry stated that Arkansas is missing the opportunity to attract military retirees. He stated that there are other states where veterans can relocate and not get hit with a seven percent tax increase. Arkansas is missing out on a population that is federally trained, experienced, and skilled.

Representative Meeks recognized **Richard Wilson**, Assistant Director, Bureau of Legislative Research. Mr. Wilson discussed the fiscal impact of ISP 2013-190. A dynamic fiscal impact is not a reality; proprietary information, and the experience with dynamic scoring, with input/output software where you can see actual results do not support a great impact.

Representative Hutchison asked how many states are tax exempt. Colonel Berry stated Texas and Tennessee (within the region), Mississippi, Louisiana, Illinois, New York and Massachusetts are all 100% tax exempt, and Oklahoma is 75% tax exempt. Arkansas is 1 of 15 states that do not provide any exemptions.

Update Arkansas Veterans Home North Little Rock and Fayetteville Sites [EXHIBIT E]

Representative Meeks recognized **Colonel Cissy Rucker**, Director, Arkansas Department of Veterans Affairs, **Karen Watkins**, Chief Fiscal Officer, Arkansas Department of Veterans Affairs and **Charles Johnson**, Deputy Director, Arkansas Department of Veterans Affairs. Colonel Rucker stated that as of today the census at Fayetteville is 82, adding 18 residents in the last two weeks, along with 11 more pending referrals. Also two more

financial accountants were hired to assist with identified financial issues. Representative Meeks asked about the home generating zero general revenue. Colonel Rucker replied that is correct. Representative Meeks asked where did that money go and how much was it. Colonel Rucker stated the money was shifted towards salaries. Mr. Johnson stated that he could not recall the exact amount but can get that information for the committee.

Mr. Johnson provided a brief summary of the grant application process for the veterans' home project. The legislature provided funds to assist in the application process. Funds will be used for cleaning up the presentation of the application. Identifying the site was one of the first steps. Three major things accomplished in order to request additional approval of the grant included: drawings for the design, an environmental assessment, and a letter from the state Historical Preservation Office approving the site.

Mr. Johnson provided an overview of the site design. Representative Meeks asked if the taskforce looked at other site prospects in other parts of the state. Colonel Rucker stated that has been up for discussion and Jonesboro was one area considered because of the high concentration of veterans in the area. The southern part of the state would not be an area for consideration because it is not a heavily concentrated area, there has to be a certain percentage of veterans in the area for consideration. Representative Meeks expressed his concern on long term goals for construction of homes and his desire for the legislature to help.

Representative Hutchison suggested remodeling vacant schools. Colonel Rucker shared that they looked at several of these properties around the state. The Little Rock Veterans Home was an old school, it has since been demolished and pending sell to the Little Rock Alliance. These facilities have been found to have asbestos and lead to name just a few of the problems. It would be very costly to renovate.

Arkansas National Guard Youth Challenge Program [HANDOUT #1]

Representative Meeks recognized **Colonel Cary Shilleutt**, Joint Chief of Staff, Arkansas National Guard. The National Guard has two missions; one is the "federal mission", to provide support to the nation when needed in time of combat or war, and the other mission is the "state mission", which is to be ready whenever the governor calls: to respond to the needs of the state in time of disaster, to assist local law enforcement authorities, to protect and assist the citizens of Arkansas. About 80% of the force (approximately 10,000 members) is traditional members who drill one weekend a month, and during the summer.

The Arkansas National Guard (ARNG) has two youth programs that are operated out of Camp Robinson in North Little Rock, the Youth Challenge Program and the Civilian Student Training Program (C-STEP). These programs were started because the guard is a community based organization and because of a common interest in the state.

These two successful youth programs have graduated over 9,000 at-risk youth turning them into good citizens for the state of Arkansas:

The Youth Challenge Program focuses on youth between the ages of 16-18 years of age, males and female who are high school dropouts. The program provides a twenty-two week residence course that allows participants to learn life skills, develop discipline, receive education and test for the GED. Once they receive the GED they receive a mentor for an additional twelve months. The mentor assists with enrolling in school, finding a career, or joining the military. Ninety percent (90%) of the youths that graduate are employed, involved in higher education, or join the military. There have been over 3,135 graduates since 1993. The cost per student is approximately \$13,600. It is a 75/25 federal match program. The budget is \$2.3 million. If this initiative continues to be successful it will decrease the high school dropout rate tremendously.

C-STEP is an initiative which allows a student to enter into the program and still be counted in the local school district's numbers and finances. Each graduate will receive a high school diploma, not a certificate of completion. C-STEP, is a nine week program which focuses on young men ages 13 to 17, adjudicated delinquent and court ordered to complete the program. C-STEP is very similar to the Youth Challenge Program having the same structure, training and the ability to test for a GED. Once the student completes the program, they will return to school, if appropriate. Over 6,000 students have graduated from the program since 1993 with a 15% recidivism

rate. That is 85% of at-risk youths who are able to turn their lives around. Last year there were 291 students that graduated from the program, and this year 172 students have graduated, along with 63 more enrolled today. C-STEP is 100% state funded; it does not receive any federal funds and has a \$3.6 million budget.

Representative Meeks recognized Senator Elliott who inquired about the capacity of the C-STEP and Youth Challenge. Colonel Shillcut stated that they are normally at capacity with C-STEP due to it being a court ordered program. The Youth Challenge Program is able to accommodate more youths because it is a volunteer program. The National Guard Bureau has informed ARNG that they will be able to operate two Youth Challenge programs based upon the dropout rate in the state.

William Johnson, Director of State Resource, Arkansas State Military Department, explained that the C-STEP program is geared towards young men only. If the capacity and facilities were available it could be offered to females. The program works with 72 youth each nine week. He noted that the real challenge with the Youth Challenge Program is the 75/25 federal match. If the state offered more funding on the front end the program could double the capacity.

Senator Elliott expressed her concerns about diversity within the ARNG command group. Colonel Shillcut provided a breakdown of commanders and their responsibilities, as well as pointing out their efforts in addressing diversity issues within the guard.

Representative Armstrong raised concerns about diversity, and the number of minorities in the ARNG. Representative Meeks directed members to that information in the ARNG Annual Report. Representative Armstrong asked about the recruitment of youths for the Youth Challenge Program. Colonel Shillcut stated they visit different Co-op meetings, and a Youth Foundation Grant is being used to engage broadcast media, in an effort to reach different markets.

Senator Chesterfield asked if they can provide information on nonviolent offenders, and how is it determined to send them to the Youth Challenge Program or to a residential incarceration center. She mentioned refurbishing old schools that are currently closed. Colonel Shillcut stated they looked into building a new facility, and explained the benefits of building at Camp Robinson and how this environment helps the program to be successful. Senator Chesterfield suggested the benefits of offering the programs in other high risk areas of the state.

Representative Hutchinson suggested that first time offenders should be considered for this program rather than incarceration. Colonel Shillcut stated that a judicial mechanism does not exist to allow this at this time, however the ARNG will consider a "moral waiver" to help first time offenders whenever they commit certain offenses and with certain limitations.

Representative Scott asked if retired veterans assist with the program. Some veterans volunteer as mentors for the twelve month period and some are paid through the state.

Representative Hobbs asked about the number of times a youth is allowed to go through the C-STEP program, and is a psychiatric evaluation provided during that time. C-STEP is a onetime program and counselors are provided to assist.

In State Tuition for Public Universities [HANDOUT #2]

Mr. Shane Broadway, Director, Arkansas Department of Higher Education. The Veterans Access to Care Act requires institutions of higher education to grant students in-state tuition if attending on GI Bill money and waiving the cost of out-of-state tuition. Institutions are to comply by July 1, 2015.

Veterans Treatment Center [HANDOUT #3]

Colonel Don K. Berry, Arkansas Veterans Coalition and **Colonel Dave Beranek**. The position of the Veteran Coalition is providing in-state tuition to every veteran. Viewing this from two perspectives the economic development impact, and the financial gain for the state. Colonel Berry stated they are trying to create a companion initiative where Arkansas is competitive, effectively using the higher education system as a means of

attracting more veterans to the state. Arkansas Tech is currently offering on-line programs to active duty military and veterans wherever they are. The University of Arkansas- Fayetteville offers on-line programs at the in-state tuition rate.

Colonel Berry noted the four objectives of the Veteran Treatment Court: to attract, to eliminate, and to capitalize and target. Thirty-one percent (31%) of the 1.8 million veterans who served in Afghanistan and Iraq are suffering from injuries or mental health issues. About 9.3% of these veterans are incarcerated, and 18% of those were homeless at one point. UAMS offers a Post Traumatic Stress Disorder Treatment Program (PTSD) for these veterans. There are 1800 veterans incarcerated in Arkansas, if half of them were treated the state could save at least \$16 million. Information will be provided to the committee on states that offer Veteran Treatment Court.

With no further business the meeting adjourned at 3:15 p.m.