**2013 LEGISLATIVE WRAP-UP**

The 2013 legislative session began on January 14, 2013. The 100th legislative day came and went on April 27th, and lawmakers extended the regular session as they continued to negotiate with Governor Brewer toward a resolution on the FY14 state budget and Medicaid expansion. These items were ultimately settled in an eventful and contentious 3-day special session that ended on June 13, 2013. While the general appropriations bill takes effect on July 1, 2013, the general effective date for policy bills enacted in the budget special session is September 12, 2013.

There were 1,158 bills and 76 memorials and resolutions introduced in the 2013 regular legislative session. A slight drop from last year. Of these, 256 were signed by the Governor and enacted into law with various effective dates, 26 were vetoed and 20 resolutions/memorials were filed with the Secretary of State. The 2013 regular legislative session concluded one day after the budget special session, on June 14, 2013. This year’s session lasted over a month longer than last year. The general effective date for most bills is September 13, 2013.

**FY14 Budget Overview**

The FY14 budget was approved by the Legislature on June 13, 2013 and signed by the Governor June 17, 2012. Highlights for the Arizona University System include:

* Continues parity (state per student investment) funding between the three public universities. This resulted in the second-year base funding increase of $3.3M to NAU and $11.9M for ASU and a commitment to continue to address the issue over the next three fiscal years. Unlike last year, these amounts are allocated directly to ASU and NAU as special line items instead of passing through ABOR's budget.
* $8M additional base funding for the UA College of Medicine Phoenix Campus.
* The $5M performance funding from the FY13 budget that was removed from the universities’ budgets and reallocated is reflected in the universities' base funding. The following distribution reflects the performance funding “clawback” from each university and the amount then allocated to each university in FY13:
  + $835,000 removed and $1.1M awarded for NAU
  + $2.5M removed and $2.6M awarded for ASU
  + $1.7M removed and $1.3M awarded for UA
* $5M of new state GF money (instead of a clawback from university base funding) was allocated to ABOR for FY14 to be distributed to the universities based on the performance funding formula adopted by ABOR on July 1, 2012.
* Future university budget requests are required to be based on the performance funding formula adopted by ABOR.
* $500,000 was included for the UA Freedom Center.
* The budget “rollover” of $200M for the university system is continued.
* Continues to require the universities to fund the state longitudinal data system for K-12 via a $6 per student fee.
* Eliminates the 90-day waiting period for new state employees to receive health insurance.

**Senate Bills**

**SB1179 - tax incentives; omnibus (Yarbrough)**

Among several other items, contains a provision, effective January 1, 2013, that increases the amount that can be deducted from gross income for contributions to college savings plans from $750 to $2,000 for a single individual or head of household and from $1,500 to $4,000 for married couples filing jointly. (Signed by the Governor 6/20/13).

**SB1208 - pilot; foster care; tution waiver (Driggs)**

Establishes a 5-year pilot program expanding eligibility for public university and community college tuition waivers to qualifying persons who are currently in foster care and are at least 16 years of age, and to those who were in foster care when they were at least 16 years of age. The tuition waiver covers the remaining tuition balance after the application of other grants and scholarships awarded to the tuition waiver recipient. JLBC estimates the cost to the university system at $133,200 in foregone tuition revenue. (Signed by the Governor 6/20/13).

**SB1231 - public buildings; construction; indemnity (Reagan)**

Allows a state purchasing agent, state governmental unit or property owner to mandate that a design professional services contract or subcontract require the design professional that provides certain services in connection with a public building or improvement, to indemnify and hold harmless the state purchasing agency, state governmental unit or property owner, and its officers and employees, from liabilities, damages, losses and costs, including reasonable attorney fees, caused by negligence, recklessness or intentional wrongful conduct in the performance of the contract or subcontract. (Signed by the Governor 6/20/13).

**SB1293 - schools; pilot; outcome-based funding (Crandell)**

Requires the State Board of Education (Board) to establish a competitive application process for a 4-year simulated pilot program for outcome-based funding of schools. The Board must select up to five school districts and up to five charter schools to participate by March 1 of each year. The universites are required to: a) provide participants a list of courses that meet the requirements for a STEM degree, b) assign up to three employees of each university to review and make recommendations on the RFI received by SBE, and c) assist participating schools in reviewing test results. Intends for the simulated program to begin in the 2014-2015 school year unless SBE delays implementation until required assessments are developed to sufficiently measure outcomes. Repeals the simulated program on September 15, 2020. (Signed by Governor (4/11/13).

**House Bills**

**HB2064 - training permits; military health professionals (Carter)**

Requires the Board of Dental Examiners or Arizona Medical Board to issue a training permit, valid for one year, to a qualified military health professional who is practicing in the United States Armed Forces and discharging their official duties by participating in a clinical training program based at a civilian hospital affiliated with the United States Department of Defense. (Signed by the Governor 4/3/13).

**HB2076 - military applicants; license requirements (Borelli)**

Instructs the Board of Nursing to issue a license to practice as a practical nurse to an applicant who does not meet the statutory requirements relating to graduating from a Board-approved program, if the applicant a) has completed a military program of basic medical training and was awarded occupational specialty and performed at an equivalent level to the academic requirements for a license or completed any clinical education equivalency courses determined by the Board; and b) practiced nursing for at least two of the five years before the date of filing the application. The applicant’s relevant military experience must be credited in the calculation of the number of years the candidate has practiced as a practical nurse. (Signed by the Governor 4/11/13).

**HB 2125 - property tax levy; community colleges (Barton)**

Permits the Coconino Community College District to ask the voters to approve a new primary property tax as long as the proposed amount is not more than two times the authorized levy amount for the same year, with certain restrictions. Prohibits the district, if the levy is not approved, from resubmitting a new primary property tax levy proposal to the voters for at least two years. (Vetoed by the Governor on 6/19/13).

**HB2169 - universities; student organizations; tuition; fees (Kavanagh)**

Prohibits universities under ABOR’s jurisdiction from transferring any portion of student tuition or fees collected or use any university student billing process to collect monies on behalf of a student organization that is not under ABOR’s jurisdiction nor recognized as a university student organization (ASA). Allows universities under ABOR’s jurisdiction to establish and support university recognized student organizations and clubs, as well as provide support from tuition or fees pursuant to statute. (Signed by the Governor 4/5/13).

**HB2425 - education board, ELL, competency tests (Goodale)**

Removes the requirement that the State Board of Education develop and adopt competency tests for high school graduation. Repeals the requirement that SBE adopt and implement a nationally standardized norm-referenced achievement test. These provisions allow for the ending of the AIMS exam and shift to a new student assessment better aligned with Arizona’s Common Core standards to be adopted by the State Board of Education. (Signed by the Governor on 3/28/13).

**HB2489 - bonds; financing; student loans (Dial)**

Authorizes corporations to issue bonds and refund bonds to finance student loans for qualifying student loan programs. Prohibits a corporation from issuing bonds to finance qualifying student loans unless the corporation has approved a plan for the student loan program to be financed by the bonds and has submitted the plan for review and approval by the state program representative. Authorizes Industrial Development Authorities to exercise powers and issue revenue bonds to finance applicable student loans so that the state’s student loan program is available for eligible students at educational institutions as a student loan program of general application in the state and approved by the state. (Signed by the Governor 6/19/13).

**Notable Legislation that Failed to Pass**

Guns on Campus

HB 2554 - firearm regulation; state preemption

Creation of a University in Yuma

HB2278 – Yuma economic development

Fixed Tuition Requirements (statewide Pledge Programs)

HB2602 - universities; fixed tutiion rates

SB1399 - universities; fixed tutition

Limits on State Appropriations/Voter Protected Spending

HB2285 - state budget; appropriation limitation; hearing

HCR2033 - funding ballot measures; reauthorization

Misc. Legislation Affecting the Universities

HB2333 - tuition; fess; political committees

HB2419 - financial aid study; public universities

HB2469 - personal information; encrypted data

HB2566 - universities; intellectual property