



## OFFICE OF GOVERNMENT AFFAIRS 2016 LEGISLATIVE WRAP-UP (52<sup>ND</sup> LEGISLATURE, 2<sup>ND</sup> REGULAR SESSION)

The 2016 legislative session began on January 11, 2016. The Legislature passed a state budget in early May and completed its labors in 117 days, adjourning sine die on May 7, 2016.

There were 1,247 bills and 114 memorials and resolutions introduced in the 2016 legislative session – a slight increase from last year. Of these, 374 were signed by the Governor and enacted into law with various effective dates, 14 bills were vetoed, and 36 resolutions/memorials were filed with the Arizona Secretary of State.

The general appropriations act (HB 2695) and bills signed with an emergency clause are effective upon signature of the Governor. The general effective date for most bills is August 6, 2016.

### BUDGET OVERVIEW

The FY17 budget appropriated \$32M to the university system consisting of both one-time and ongoing monies. The budget also discontinues the practice of deferring \$200M in university appropriations from one fiscal year to the next, normalizing the university payment schedule.

Highlights for the Arizona University System include:

- **On-going Appropriations to Base Funding - \$8.2M**
  - As proposed in the Governor's FY17 budget and the Legislative baseline budget report, the universities received an increase of \$8.2M to on-going base budgets. These dollars were divided proportionately among each university based on the percentage of Arizona resident students at each institution. This is the new funding model proposed by the Arizona Board of Regents (ABOR) and university presidents to define the desired future financial partnership with the State of Arizona. The individual university investment breakdown is as follows:
    - NAU - \$1.54M
    - ASU - \$4.37M
    - UA - \$2.29M
- **Economic Freedom Schools - \$5M**
  - ASU and UA received the following amounts in ongoing monies to support centers for the philosophy of freedom:
    - ASU - \$3M
    - UA - \$2M
- **One-time Appropriations - \$19M**
  - The universities received \$19M in one-time monies for operating expenditures and/or capital improvements. The individual university investments are:
    - NAU - \$4M
    - ASU - \$7M
    - UA - \$8M
- **Rollover Repayment - \$200M**



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- Since the Great Recession, in order to achieve a balanced budget, the legislature has delayed \$200M in payments to the universities from one fiscal year to the next. As Arizona's economy continues to recover, the state has made efforts to pay off this type of debt. To that end, HB2695 discontinues the \$200M rollover beginning in the current FY16. NAU's share of that amount is approximately \$30.5M.
- While this does not represent new dollars to the system, it positively impacts the universities own balance sheets and normalizes the appropriations schedule.
- **Miscellaneous Items**
  - For several years state law required the universities to help fund the state longitudinal data system for K-12 education via a \$6 per student fee. The FY17 budget discontinues this practice which results in an annual savings of approximately \$150,000 for NAU.
  - Beginning in FY19, the universities will no longer be required to remit a portion of tuition dollars to the State Treasurer for redistribution back to the contributing campus. All tuition dollars will remain in designated local accounts. This policy change increases transparency and efficiency at both the state and university levels.

## **FINAL DISPOSITION OF ABOR/UNIVERSITY PRIORITY BILLS**

*ABOR and the universities proposed the following legislation.*

**HB 2271 – universities; commercial paper (Livingston)** – Allows ABOR to obtain lines of credit for cash management or liquidity purposes and issue commercial paper to provide short-term, low interest financing options for the state's universities. The bill limits the outstanding principal amounts of commercial paper to no more than 25% of a university's statutory debt capacity. *(Signed by the Governor, 5/12/16).*

*ABOR formally supported the following pieces of legislation.*

**HB 2033 – post 9/11 veteran education relief fund (Borrelli)** – Establishes the Post-9/11 Veteran Education Relief Fund consisting of private donations, grants and other monies, to be administered by the Department of Veterans' Services. Monies in the fund must be used to provide financial assistance to "qualifying military veterans" as defined in the bill. HB 2033 establishes a 9-member Post-9/11 Veteran Education Relief Advisory Committee to oversee the fund. Committee members are appointed by the Governor to two-year terms and include a member who is recommended by ABOR. *(Signed by the Governor, 5/17/16).*

**HB 2547/SB 1122 – universities; in-state tuition; AmeriCorps (Bowers/Bradley)** – HB 2547 entitles a person who has participated in the AmeriCorps program or the Volunteers in Service to America program for at least one year in Arizona to receive in-state tuition at Arizona's public universities. *(Signed by the Governor, 3/11/16).*

**SB 1267 – military service; postsecondary academic credit (Smith)** – ABOR and each community college district governing board is required to develop policies to award academic credit that a current or former member of the U.S. military may use toward the pursuit of a baccalaureate or associate degree. The number of academic credits must be based on the military member's length of time of active duty service



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and his/her skills, knowledge and competencies acquired during military service. This bill codifies current NAU practice. **(Signed by the Governor, 5/17/16).**

*ABOR and the universities took formal opposition to the following pieces of legislation (some bills below were amended and the universities were neutral on the final version).*

**HB 2088 – schools; assessments; surveys; informed consent (Finchem)** – As introduced the bill placed various restrictions on a public school’s ability to administer surveys to students without obtaining written informed consent from parents and prescribed penalties for violations. By limiting certain types of data collection (i.e. college entrance exam data) and prohibiting its transmission to other entities, the legislation would have made it difficult for higher education to recruit students out of high school as well as hinder the universities’ ability to provide opportunities for financial aid. After much work with the sponsor and stakeholders, the bill was heavily amended and as signed into law does not affect the universities. **(Signed by the Governor, 5/18/16).**

**HB 2338 – educational institutions; firearms; rights-of-way (Townsend)** – As introduced the bill would have allowed a person to carry a concealed weapon or have a concealed weapon on any highway, street, road, thoroughfare, path, alley or other right-of-way. ABOR and the universities opposed the legislation in this form. The bill was amended to exempt property owned by an educational institution. The law as enacted simply reiterates what statute already allowed and has no effect on university policy. **(Signed by the Governor, 5/10/16).**

**HB 2436 – regents; designees (Stevens)** – As introduced, the bill allowed the Arizona Superintendent of Public Instruction and the Governor to authorize a designee to serve in his/her place as an ex officio member of ABOR. **(Held in the Senate).**

**HB 2479 – ABOR; terms (Petersen)** – Reduced the term of each appointed member of the Arizona Board of Regent’s term from 8 to 4 years (except a student regent whose term is 2 years). **(Failed on Senate 3<sup>rd</sup> Read).**

**HB 2548 – NOW: public forums; activities; post-secondary campuses (Boyer)** – As amended the bill allows the state Attorney General or a person whose expressive rights were violated to bring a court action to enjoin any violation of statute prohibiting a university or community college from restricting a student’s right to speak. HB 2548 states that if the court finds that a violation occurred, the aggrieved party is awarded injunctive relief and reasonable court costs and attorney’s fees. While the introduced version granted compensatory damages that accrued daily, the bill as signed omits that language and now reiterates what is already allowed under current Arizona law. The bill further expands the offense of obstructing a highway or public thoroughfare (anywhere, not limited to university campuses) to include a person who is preventing others from accessing a governmental meeting, hearing or a political campaign event, and classifies the violation as a class 1 misdemeanor. **(Signed by the Governor, 5/16/16).**

**HB 2615 – campuses; free speech zone; prohibition (Kern)** – As signed by the Governor, HB 2615 is identical to HB 2548 as it pertains to expressive rights on university and community college campuses. (See above for additional details affecting university campuses). **(Signed by the Governor, 5/16/16).**



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**SB 1389 - student, teacher data collection; prohibitions (Burgess)** – Established various requirements and prohibitions concerning student and teacher data privacy. As written, the bill would have prohibited schools from sharing test scores and high school transcripts with the universities greatly hampering the admissions and scholarship process. **(Held in Senate Rules)**.

## **NOTABLE BILLS SIGNED BY THE GOVERNOR**

HB 2019 – credited service; military service purchase (Stevens)  
HB 2022 – special plates; regionally accredited institutions (Stevens)  
HB 2104 – ASRS; retention of credited service (Lovas)  
HB 2233 – public buildings; applicable fire codes (Boyer)  
HB 2321 – pilot program; STEM internships (Meyer)  
HB 2371 – postsecondary education board; exceptions (Ackerly)  
HB 2544 – schools; statewide achievement assessments; menu (Boyer)  
HB 2613 – regulatory boards; licensing; revisions (Petersen)  
HB 2643 – PSPRS; CORP; EORP; administration changes (Olson)  
SB 1037 – ASRS; board delegation; benefit determinations (Lesko)  
SB 1240 – NOW: peace officers; appointment; training (Kavanagh)  
SB 1418 – state museum; fess; rulemaking (Griffin)  
SB 1322 – community colleges; expenditure limitation (S. Allen)  
SB 1449 – NOW: prohibited operations; unmanned aircraft (Kavanagh)  
SB 1525 – JTED restoration and reforms (Shooter)

## **NOTABLE BILLS VETOED BY THE GOVERNOR**

HB 2484 – estimates; state budget; notice (Olson)  
SB 1197 – schools; cursive writing requirement (Griffin)  
SB 1434 – information technology; consolidated purchasing (Shooter)

## **NOTABLE LEGISLATION THAT FAILED TO PASS**

### **UNIVERSITY RELATED MEASURES**

HB 2455 – wildfire suppression; joint study committee (Otondo)  
HB 2661 – appropriations; payment of payment deferrals (Olson)  
SB 1113 – student loans; teachers; appropriations (S. Allen)

### **STATE BUDGET RELATED MEASURES**

HB 2111 – zero-based budgeting (Petersen)  
HB 2578 – budget stabilization fund; deposits (Mesnard)  
HCR 2023 – proposition 105; legislative authority (Thorpe)

### **MEASURES RELATED TO K-12 EDUCATION**

HB 2437 – department of education; technology; reports (Stevens)  
HB 2510 – experienced teacher retention pilot program (Friese)  
SB 1055 – schools; computer coding instruction (Kavanagh)



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SB 1115 – charter school sponsors; community colleges (S. Allen)

SB 1313 – teachers; alternative certification application (S. Allen)

## **MISCELLANEOUS MEASURES**

HB 2014 – electronic documents; state agencies (Stevens)

HB 2115 – employees; misappropriation; penalty (Petersen)

HB 2507 – outdoor advertising (Borelli)

HCR 2040 – state monies; prohibited investments; terrorism (Montenegro)

SB 1038 – ASRS; reinstatement; contribution amount (Lesko)

SB 1144 – ASRS; contributions; adjustments (Lesko)

SB 1402 – class six property; higher education (Yarbrough)