

OFFICE OF GOVERNMENT AFFAIRS 2017 LEGISLATIVE SUMMARY (53RD LEGISLATURE, 1ST REGULAR SESSION)

The 2017 legislative session began on January 9, 2017. The Legislature passed a state budget in early May and completed its labors in 122 days, adjourning sine die on May 10, 2017.

There were 1,079 bills and 101 memorials and resolutions introduced in the 2017 legislative session – a decrease from last year. Of these, 342 were signed by the Governor and enacted into law with various effective dates, 11 bills were vetoed, and 42 resolutions/memorials were filed with the Arizona Secretary of State.

The general appropriations act ([SB 1522](#)) and bills signed with an emergency clause are effective upon signature of the Governor. The general effective date for most bills is August 9, 2017.

BUDGET OVERVIEW

The FY18 budget appropriates \$13 million in one-time monies to the university system. This is compared to \$19 million in one-time monies appropriated in FY17. The \$13 million is proportionately distributed to the universities based on the number of Arizona resident students served by each institution. The allocation is as follows:

- NAU - \$3,202,800
- ASU - \$7,639,500
- UA - \$4,157,700

ASU is required use \$1 million of its appropriation for operating expenditures of the School of Civic and Economic Thought and Leadership. UA is required use \$1 million of its appropriation for operating expenditures for the Center for the Philosophy of Freedom. There are no expenditure requirements on NAU's appropriation.

The FY18 budget also:

- Allocates monies related to the Arizona Financial Aid Trust to the universities instead of the Arizona Board of Regents (ABOR).
- Distributes past monies allocated to each university based on the old performance funding model to each institution's base budget rather than passing those dollars through ABOR.
- Prohibits the universities from using state General Fund dollars to fund contracts with individuals or entities for lobbying services.

The budget reconciliation bill for higher education ([SB 1528](#)) contained several policy changes and reporting requirements for ABOR and the universities.

COST STUDY AND COST CONTAINMENT REPORTING

The bill requires that, on or before December 15, 2017 and every five years thereafter, ABOR complete a comprehensive cost study to determine the actual cost of educating a full-time resident undergraduate student at each public university. The legislation outlines the type of information the report should contain, including information on the use of institutional fees and tuition dollars.

In addition to the cost study, ABOR is required to annually submit a cost containment report for each university. The report is required to outline actions taken by each institution to contain increased cost of attendance for full-time resident undergraduate students. The law outlines what the report should entail, including historical fee and tuition information and the growth in costs.

ARIZONA TEACHER ACADEMY

Beginning in the 2017-2018 academic school year, the universities are required to implement an Arizona Teacher Academy to incentivize Arizona resident students to enter the teaching profession. The law states that programs offered as part of the Academy are to include accelerated models for high-demand teacher specializations, including STEM; and accelerated models for individuals seeking post baccalaureate coursework that results in professional certification.

Each university is to tailor partnerships with public schools to facilitate teacher employment upon completion of the Academy that are based on the needs of the individual school system.

Full-time students enrolled in the Academy shall receive an annual waiver for all tuition and fees subject to certain conditions, including academic success and a commitment to teaching. If the student fails to meet the requirements outlined in the legislation the student must reimburse the university for the received waiver. The bill also contains reporting requirements for the Teacher Academy Programs.

UNIVERSITY INFRASTRUCTURE INVESTMENT

Beginning in FY19, [HB 2547](#) annually appropriates \$27 million for 25 years for university capital investments. The allocation of those monies is as follows:

- NAU - \$4,520,900
- ASU - \$11,927,400
- UA - \$10,551,700

For FY20 through FY43, these appropriations will be adjusted annually for actual inflation or a growth rate not to exceed two percent, whichever is less.

The law requires each university to match amounts equal to the amount of monies used from the above appropriations for paying debt service on capital projects. The university may also use the monies for capital projects that do not require debt issuance.

Before the universities are permitted to spend these monies, the Joint Committee on Capital Review (JCCR) is required to *review* all projects that do not require debt financing, and *approve* all projects paid with capital debt financing. The JCCR is required to hear the project requests no later than the committee's second meeting after the project is submitted to the committee. JCCR must also review any university plans to refinance debt associated with this capital program.

This legislation also makes several changes to licensure and royalty agreements for the sale or transfer of intellectual property developed by a university from and after April 30, 2017. One primary change relates to the revenue from these initiatives which must be deposited with the State.

FINAL DISPOSITION OF ABOR/UNIVERSITY PRIORITY BILLS

ABOR and the universities proposed the following legislation

HB 2311 – ASU; consolidation of budget units (Boyer)

The Legislature has allocated ASU’s budget by three separate campuses – ASU Main, ASU West and ASU Polytechnic Campus. This new law will require the Legislature to make the appropriation in one lumps sum to the university for easier accounting and transparency. **(Signed by the Governor on April 26, 2017).**

SB 1415 – mining and mineral museum; transfer (Griffin)

The FY17 state budget transferred the state mining and mineral museum and the state geological survey to the UA. This bill completes that transfer, clarifies responsibilities, and requires the Arizona Department of Administration to convey title and fee ownership of the Museum to the UA. **(Signed by the Governor on April 28, 2017).**

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 2252 – rural school employees; tuition waiver (Cook)

Required the universities to provide tuition waivers to enroll in online courses for individuals with an associate’s degree who wish to obtain a bachelor’s degree in education. Also, required tuition waivers for certificated teachers or administrators who wish to obtain a graduate degree or enroll in advanced education courses. **(Held in the House Rules Committee).**

HB 2352 – national guard; reduced tuition rate (Kern)

Stated that a member of the Arizona National Guard is eligible to attend any public institution of higher education in Arizona at the same tuition rate as an employee of that institution if the member has exhausted the member's benefits through specified federal veteran’s benefits programs. **(Failed in the House on third read).**

HB 2359 – universities; governing boards (Finchem)

Established separate governing boards for NAU, ASU and UA with all the power and duties currently given to ABOR. The bill assigned ABOR the responsibility of general, but not direct, oversight of the state’s three universities. **(Held in the House Federalism, Property Rights & Public Policy Committee)**

SB 1061 – universities; tuition; rates; fees (Allen, S.)

Held resident undergraduate tuition rates and mandatory fees at the state’s three public universities at FY17 levels, except that ABOR may approve an increase of up to two percent in any school year. The rules are also required to provide for payment by a resident undergraduate student of the same amount for four consecutive years in tuition and mandatory fees as that student originally paid during the first year at that university. **(Failed in the Senate Education Committee)**

SB 1178 – ASRS; nonparticipating employers; liability (Lesko)

Expanded the list of ASRS nonparticipating employers to include an employer that is no longer enrolling new employees in ASRS and no longer contributing to ASRS on behalf of current employees due to

legislative action or due to a reduction of 30 percent or more in the number of actively contributing employees over a 3-year period or a reduction of 50 percent or more in the number of actively contributing employees over any period of time. The bill also calculated and levied accrued liability on nonparticipating employers. (An unrelated strike-everything amendment was adopted in the House Education Committee killing the original legislation).

NOTABLE BILLS SIGNED BY THE GOVERNOR

HB 2026 – secretary of state; omnibus (Coleman)
HB 2163 – schools; certification; discipline; reciprocity (Boyer)
HB 2166 – ASRS; return to work (Livingston)
HB 2167 – ASRS; contribution; adjustments (Livingston)
HB 2168 – ASRS; retirement; contribution amount (Livingston)
HB 2270 – postsecondary education; veterans; transfer credits (Syms)
HB 2369 – repeal; state boards and committees (Shope)
HB 2415 – in-state tuition; veterans (Lawrence)
HB 2440 – state fleet; inventory reduction (Weninger)
SB 1038 – teachers; professional development; pilot program (Allen, S.)
SB 1040 – Arizona teachers; student loan program (Allen, S.)
SB 1052 – ASRS; optional retirement benefits; overpayment (Kavanagh)
SB 1053 – ASRS; board powers (Kavanagh)
SB 1072 – administrative decisions; scope of review (Petersen)
SB 1057 – experienced teachers; certification renewal (Griffin)
SB 1098 – schools; statewide assessment (Allen, S.)
SB 1114 – outdoor advertising (Borelli)
SB 1123 – state contract lobbyists; prohibition (Griffin)

NOTABLE BILLS VETOED BY THE GOVERNOR

HB 2128 – JLAC; auditor general (Allen, J.)
SB 1036 – charter schools; rulemaking exemption (Allen, S.)
SB 1337 – industrial hemp; licensing (Borelli)
SB 1384 – school-sponsored media; student journalists (Yee)

NOTABLE LEGISLATION THAT FAILED TO PASS

UNIVERSITY SPECIFIC MEASURES

HB 2089 – student fees; political purposes; prohibition (Thorpe)
HB 2119 – educational institutions; state law violations (Thorpe)
HB 2120 – education; prohibited courses and activities (Thorpe)
HB 2201 – university debt obligations; report (Finchem)
HB 2260 – voter registration; student addresses (Thorpe)
HB 2306 – study committee; teacher shortages (Carter)
HB 2389 – governmental entities; diplomas; transcripts; recognition. (Bowers)
SB 1034 – appropriation; teacher student loan program (Allen, S.)
SB 1209 – NOW: universities; students financial incentives (Smith)

NOTABLE LEGISLATION THAT FAILED TO PASS (Continued)

STATE BUDGET RELATED MEASURES

HB 2320 – ballot measures; proposition 105 disclosures (Ugenti-Rita)
HCR 2002 – repeal 1998, proposition 105 (Ugenti-Rita)
SB 1189 – state budget; estimates; notice (Kavanagh)

MEASURES RELATED TO K-12 EDUCATION

HB 2061 – schools; compulsory attendance age; increase (Rubalcava)
HB 2147 – experienced teacher retention pilot program (Friese)
HB 2184 – at-risk youth; career; college readiness (Espinoza)
HB 2210 – NOW: college-readiness exam; pilot program (Carter)
HB 2361 – high schools; college accessibility awareness (Bolding)
HCR 2001 – state education board; membership; superintendents (Finchem)
SB 1039 – alternative certification application (Allen, S.)
SCR 1001 – state education board; membership; superintendents

MISCELLANEOUS MEASURES

HB 2051 – JCCR; membership (Livingston)
HB 2071 – workforce training; unemployed workers (Cardenas)
HB 2113 – government vehicles; political speech; prohibition (Thorpe)
HB 2124 – minimum wage; employee benefits; preemption (Thorpe)
HB 2135 – health care; workforce; data (Carter)
SB 1019 – public records; unduly burdensome requests (Kavanagh)
SB 1022 – political beliefs; hate crimes; training (Kavanagh)
SB 1074 – special license plates; standard design (Farley)