

OFFICE OF EXTERNAL AFFAIRS AND PARTNERSHIPS 2018 LEGISLATIVE SUMMARY (53RD LEGISLATURE, 2ND REGULAR SESSION)

The 2018 legislative session began on January 8, 2018. The legislature passed a state budget in early May and completed its labors in 116 days, adjourning sine die on May 4, 2018.

There were 1,206 bills and 122 memorials and resolutions introduced in the 2018 legislative session – a small increase over last year. Of these, 346 were signed by the Governor and enacted into law with various effective dates, 23 bills were vetoed, and 28 resolutions/memorials were filed with the Arizona Secretary of State.

The general appropriations act ([SB 1520](#)) and bills signed with an emergency clause are effective upon signature of the governor. The general effective date for most bills is August 3, 2018.

FY 19 BUDGET OVERVIEW

FY19 APPROPRIATIONS

The FY19 budget appropriates a total of \$10.5 million in one-time monies to the university system. This is compared to \$15 million in one-time monies appropriated in FY18. The universities' base budgets remain unchanged.

Of the \$10.5 million, \$8 million is proportionately distributed to the three public universities based on the number of Arizona resident students served by each institution. These monies may be used for capital improvements or operating expenditures. The allocation is as follows:

- NAU - \$1,590,200
- ASU - \$4,245,000
- UA - \$2,164,800

The remaining \$2.5 million in one-time appropriations are designated for expenditure at each university as outlined below:

- \$1 million each to ASU and the UA for the continued operation of the School of Economic Thought and Leadership and the Center for Philosophy and Freedom, respectively.
- \$500,000 to NAU for the purposes of supporting the Economic Policy Institute in the W.A. Franke College of Business.

HEALTH INSURANCE TRUST FUND TRANSFERS

The FY19 budget also transfers a total of \$30 million from state agencies to the state's Health Insurance Trust Fund (HITF) to offset statewide health insurance costs. The Joint Legislative Budget Committee shall determine the amount each entity must contribute. This transfer affects state general fund appropriations as well as other agency funds. For the universities this means that some amount of tuition dollars will be swept from the institutions to HITF to help finance statewide health insurance costs.

Unlike ASU and UA, NAU is not required to participate in the state health insurance system, however we do have some employees who chose to participate in the state health insurance program. NAU's impact is anticipated to be approximately \$100,000.

The budget reconciliation bill for higher education (SB 1527) contained several policy changes and reporting requirements for ABOR and the universities.

COST CONTAINMENT REPORTING

ABOR is required to submit an annual report on university cost containment. SB 1527 makes several changes to that report including:

- Changing the submission date of the report from every July 1 to September 1.
- Clarifying reporting of historical timeframes.
- Requiring the university system to report the number of FTEs and total salaries of employees differentiated between faculty, classified staff, and administrators.
- Changes in the number of credit hours required for a baccalaureate degree.
- Information on nontraditional or lower-cost degree options.

FOSTER CARE TUITION WAIVER

The bill makes permanent the Foster Care Tuition Waiver Program which requires the universities to cover the cost of full tuition and mandatory fees for Arizona foster care children. Among other requirements, the child must have been in foster care at the age of 16 and be under the age of 23 to receive the waiver. The university may apply all other available financial aid before issuing the waiver to the individual student. No state funding is provided to fund this tuition waiver program.

FINAL DISPOSITION OF ABOR/UNIVERSITY PRIORITY BILLS

ABOR and the universities proposed the following legislation

HB 2237 – psychologists; licensure; requirements (Cobb)

In addition to existing criteria, the bill added that an applicant for licensure as a psychologist automatically meets a list of specified licensure requirements if the applicant earned a doctoral degree from a program that was accredited by the Psychological Clinical Science Accreditation System at the time of graduation. **(Held in the Senate Health Committee).**

ABOR and the universities took formal positions on the following pieces of legislation and the bills were signed into law

HB 2563 – postsecondary institutions; free expression policies (Boyer)

ABOR position was neutral

Requires ABOR, the universities, and community college district governing boards to develop and adopt free expression policies. Contains many requirements and guidance on what those policies must include. Requires ABOR and the universities to establish a 15-member Committee on Free Expression and to submit annual reports on the status of free expression on the university campuses. **(Signed by the Governor April 19, 2018).**

SB 1215 – WICHE; continuation

ABOR position was to support

Continues the Western Interstate Commission for Higher Education (WICHE) for eight years. (Signed by the Governor March 19, 2018).

SB 1390/HB 2158 – TPT; additional rate; education (Brophy McGee/Coleman)

ABOR position was to support

Extends the assessment of the 0.6 percent transaction privilege tax, with minor changes, established by Proposition 301 in the year 2000 through June 30, 2041. The universities receive a percentage of the tax through the Technology and Research Initiative Fund (TRIF) to help fund research priorities. In FY 17 the university system received \$72.4 million. (Signed by the Governor March 26, 2018).

SB 1422 – universities; tuition and fees (Griffin)

ABOR position was neutral

Requires all academic fee increases set by the universities to receive ABOR approval, including rate changes in online programs. ABOR and the universities must publicly disclose any final board action on changes in tuition and academic fees. (Signed by the Governor March 29, 2018).

ABOR and the universities took formal positions on the following pieces of legislation but the bills were not signed into law

Support

HB 2475 – appropriation; Arizona national guard; tuition (Andrade)

Appropriated \$1.45 million from the general fund in FY19 to the Department of Emergency and Military Affairs for tuition and fees for Arizona National Guard members. (Held in the House Appropriations Committee).

HB 2482 – foster care tuition waiver (Shope)

The university system supported this bill if state funding was provided to fund the cost of the program. The bill required ABOR and each community college district to provide a tuition waiver scholarship to an Arizona resident who was in foster care for a cumulative period of 6 months or more, who meets a list of other specified qualifications, and who was either in foster care when the person was at least 13 years of age, was adopted from foster care and the adoption was finalized when the person was at least 13 years of age, or is currently in foster care and is at least 13 years of age. A version of this bill was signed into law as part of the budget package (SB 1527). (Held in the Senate Committee of the Whole).

SB 1088 – children; veterans; disabilities; tuition waivers (Borelli)

Directed ABOR, the universities, and the community college districts to provide tuition waiver scholarships to children or dependents of veterans with a disability rating of 30 percent or more. As amended in the Senate Education Committee appropriated \$9 million to the university system to fund the cost of all legislatively mandated tuition waivers. (Held in the Senate Appropriations Committee).

Neutral

HB 2203 –S/E: universities; governing boards (Finchem)

ABOR was neutral on the strike everything amendment proposed to HB 2203 regarding the restructuring of the Board. (Held in the Senate Committee of the Whole).

Oppose

HB 2110 – 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 Education Committee).**

HB 2172 – postsecondary institutions; possession; nonlethal weapons (Grantham)

Restricted the universities and community colleges from prohibiting the possession of a nonlethal weapon on campus. **(Failed in the Senate on third read).**

HB 2280 – universities; lease-back financing (Leach)

Prohibited ABOR or a corporation formed by a university from entering into a development agreement for which the deed to a property improvement is transferred to ABOR or that university and subsequently leased back to a private lessor for commercial use unless the property improvement is primarily for an academic purpose or student housing. Stated that leased property in a research park may only be used for regional or national headquarters of the lessee or its subsidiaries that are engaged in research and development or education activities for a lease originally entered into with ABOR before July 31, 2018. Finally, the bill prohibited ABOR from designating a new research park or increasing the size of a research park without approval of the legislature. **(Held in the House Committee of the Whole).**

OTHER NOTABLE BILLS SIGNED BY THE GOVERNOR

HB 2020 – NOW: sexual assault; harassment; confidentiality agreements (Syms)

HB 2036 – substitute teachers; experience; certification (Carter)

HB 2041 – pharmacy board; licenses, permits (Carter)

HB 2197 – health professionals; workforce data (Carter)

HB 2250 – physicians assistants; prescribing authority; delegation (Carter)

HB 2414 – state employee health plan; incentives (Kern)

HB 2477 – high school mathematics; proficiency; notification (Udall)

HB 2502 – NOW: traumatic event counseling; public safety (Boyer)

HB 2520 – schools; reading requirements (Coleman)

HB 2534 – teachers; certification requirements (Carter)

SB 1054 – ASRS; nonparticipating employers (Fann)

SB 1152 – education; appropriation; noncustodial federal monies (Allen)

SB 1251 – PSPRS; CORP; modifications (Farnsworth)

SB 1291 – schools; pupil assessment data (Brophy McGee)

SB 1411 – schools; annual achievement profiles (Allen)

NOTABLE BILLS VETOED BY THE GOVERNOR

HB 2004 – ASRS; waiting period; repeal (Livingston)

HB 2523 – administrative hearings; procedures (Syms)

SB 1118 – expenditure reporting; hosted events (Kavanagh)

NOTABLE LEGISLATION THAT FAILED TO PASS

UNIVERSITY SPECIFIC MEASURES

HB 2009 – workforce training; unemployed workers (Cardenas)
HB 2028 – postsecondary students; disciplinary proceedings; counsel (Lawrence)
HB 2139 – experienced teacher retention pilot program (Friese)
HB 2223 – appropriation; financial aid trust fund (Salman)
HB 2226 – student loan services; licensure (Salman)
HB 2345 – public postsecondary education; loan information (Engel)
HB 2351 – education transaction privilege tax; extension (Engel)
HB 2375 – Arizona teacher academy; appropriation (Fernandez)
HB 2428 – postsecondary education; residents; financial aid (Cardenas)
SB 1331 – appropriation; Arizona teacher academy (Otondo)
SB 1332 – appropriation; universities; cost of education (Miranda)
SB 1357 – postsecondary institutions; sexual consent policies (Mendez)

STATE BUDGET RELATED MEASURES

HB 2099 – state budget; estimates; notice. (Leach)
SB 1051 – state budget; estimates; notice (Kavanagh)

MEASURES RELATED TO K-12 EDUCATION

HB 2008 – transfer pupils; transcripts (Cardenas)
HB 2037 – schools; statewide college reediness examination (Carter)
HB 2113 – schools; online test preparation (Carter)
SB 1306 – schools; teacher omnibus (Quezada)

MISCELLANEOUS MEASURES

HB 2118 – public records; denial of access (Kern)
HB 2224 – employers; employee salary history; prohibition (Salman)
HB 2265 – public records; nongovernmental devices; exceptions (Thorpe)
HB 2273 – public employees; compensation; cap (Thorpe)
HB 2277 – state political economic system; free-market capitalism (Thorpe)
HB 2386 – notice of claim requirements (Rivero)
HB 2403 – athletic trainers; regulation; repeal (Mosley)
HB 2431 – PSPRS; normal retirement; employee contributions (Cardenas)
HB 2468 – state personnel system; covered. (Blanc)
SB 1059 – lottery; additional game; revenue allocation (Borelli)
SB 1236 – dual enrollment; tribal colleges (Peshlakai)
SB 1238 – appropriation; Dine college (Peshlakai)
SB 1242 – salary history information; employers (Quezada)
SB 1370 – public facilities; environmental policies (Mendez)
SCR 1016 – minimum wage; sick time repeal (Allen)