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Enacted Budget

Fiscal Year 2019
Resident Student Funding

The FY19 budget provides $8 million in one-time funding to the university system for operating and capital needs. The distribution is based on resident student enrollment:

- The University of Arizona: $2,164,800
- Arizona State University: $4,245,000
- Northern Arizona University: $1,590,200

Each university is required to report the intended use of this funding to the Joint Legislative Budget Committee (JLBC) by August 1, 2018. The report must be reviewed by the Joint Committee on Capital Review (JCCR) before funding can be spent on capital improvement projects.

Freedom Center Funding

The FY19 budget provides $2.5 million in one-time funding to the university system for Freedom Center operating expenses. The distribution of this funding is as follows:

- The University of Arizona: $1,000,000
- Arizona State University: $1,000,000
- Northern Arizona University: $500,000

This funding cannot be used to supplant existing state funding or private donations, and must be kept in a separate account. The university is prohibited from using this money for any indirect university costs.

Statutory Tuition Waivers

The FY19 budget makes permanent the Foster Care Tuition Waiver Program that was put in place in 2013. This program will provide foster care students that meet the qualifications set in statute with a tuition waiver for a public university or community college. Under the permanent program, the cost is expected to remain constant for the university system. Currently, JLBC estimates the program cost to be $246,900. The UA portion is estimated at $76,504.
Health Insurance Trust Fund (HITF)

To cover a $20M deficit in HITF, $10M will be paid from the state general fund through employer health care contributions and $10M will be swept from existing areas of the budget, including universities. JLBC will determine the impact to the UA.

Cost Containment Report

Revises the reporting requirements for the cost containment study to include:

- Current tuition and mandatory fees, and average cost of on-campus housing and meal plan compared to historical levels (fiscal years 1999, 2004, 2006, 2014)

- Current number of FTE and list of salaries (differentiated between faculty and classified staff) compared to historical levels (fiscal years 1999, 2004, 2006, 2014)

- Number of credit hours required for the 10 B.A. degrees that experienced the highest increase in credit hours required between the 2003-2004 academic year and the previous academic year.

- Requires detailed information on nontraditional or lower-cost degree options being offered or developed by the university.

Revises the reporting requirements for the study by removing the following:

- The return on investment for diverting tuition dollars to non-instructional purposes;

- Reduction of unnecessary coursework for educational programs.

- List of axillary fees

Reporting Requirements

The FY19 budget requires universities to submit the status of all projects reviewed by JCCR that have not been completed within their Capital Improvement Plan. This list must also include all third-party and commercial projects reviewed by JCCR.
Enacted Legislation

Fiscal Year 2019
SB 1390: TPT; Additional Rate; Education

UA Position: support

Continues the 0.6% state sales tax, initially implemented by Prop 301, until 2041.

Maintains the beneficiaries and distribution established in Prop 301. Distribution is as follows:

- K-12 approximately 81%
  - Classroom Site Fund (teacher salary, maintenance & operations)
  - 5 Additional School Days
  - Programs Managed by Arizona Department of Education

- Universities approximately 12%
  - Technology Research Initiative Fund (TRIF)

- Community Colleges approximately 3%
  - Workforce Development

- Tax Credit approximately 4%
  - Established to offset the cost of sales tax for low income families

Continues to provide ABOR with the responsibility to administer TRIF.

Continues the following requirements for the use of TRIF:

- To promote university research, development, and technology transfers related to the knowledge-based global economy

- To expand access to baccalaureate or post-baccalaureate education for time-bound and place-bound students

- To implement final recommendations from the Governor’s Task Force on Higher Education and/or the Arizona Partnership for the New Economy

- To develop programs that will prepare students to contribute in high technology industries located in Arizona

- Continues the requirement that ABOR give priority to proposals that involve collaboration between universities and/or collaboration with private industry or public-sector agencies

Note: the extension of the sales tax is not voter protected; after 2021, the provisions can be amended by future legislatures.

Status: effective upon signature of the Governor (March 26, 2018).
SB 1422: Universities; Tuition and Fees

UA Position: neutral once the bill was amended

Requires ABOR to take a roll call vote when making changes to tuition or academic fees, this includes online tuition.

Requires public disclosure by ABOR and each university of any final action on changes to tuition or academic fees.

Makes technical changes relating to university management of sub-accounts for tuition.

Status: signed into law by the Governor; effective on August 3, 2018.

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HB 2563: Postsecondary Institutions; Free Expression Policies

UA Position: neutral

FREE EXPRESSION POLICIES

Directs ABOR and each community college to adopt a free expression policy that:

- Requires the institution to strive to ensure the fullest degree of intellectual freedom and free expression;

- States that it is not the role of a higher education institution to shield individuals from speech protected by the First Amendment, including that which is unwelcome or offensive;

- Establishes the freedom for students and faculty to discuss any problem, and to lawfully assemble and engage in spontaneous expressive activities as long as they do not substantially disrupt the function of the institution;

- Establishes a range of disciplinary actions for a student who engages in conduct that materially and substantially infringes on someone else’s right to engage in or listen to expressive activity;
HB 2563: Postsecondary Institutions; Free Expression Policies (Continued)

- States that a student is entitled to a disciplinary hearing involving expressive conduct, procedures of the hearing must include:
  a. The right to receive advanced written notice of the allegations
  b. The right to review the evidence in support of the allegations
  c. The right to confront witnesses who testify against that student
  d. The right to present a defense
  e. The right to call witnesses;
  f. A decision by an impartial person or panel
  g. The right to an appeal
  h. The right to active assistance of counsel under certain circumstances

- Declares that suspension or expulsion may be appropriate if a student has repeatedly infringed on the rights of other persons to engage in or listen to expressive activity

Allows restriction on a student’s right to speak in a public forum and requires all restrictions on the time, place and manner of student speech to:

- Be necessary to achieve a compelling governmental interest, rather than be narrowly tailored to serve a significant governmental interest
- Be the least restrictive means to further that interest

Allows ABOR and each community college to adopt rules that restrict speech that has been declared prohibited by law as being:

- A violation of state or federal law
- An expression that a court has deemed unprotected defamation
- Harassment
- A true threat
- An unjustifiable invasion of privacy or confidentiality that does not involve a matter of public concern
- An action that unlawfully disrupts the function of the university or community college

Allows a person who is lawfully present on a university or community college campus to protest or demonstrate on that campus.
HB 2563: Postsecondary Institutions; Free Expression Policies (Continued)

Prohibits individual conduct that materially or substantially infringes on the rights of other persons to engage in or listen to expressive activity.

Declares that the public areas of university and community college campuses are public forums and are open on the same terms to any speaker.

Establishes that university and community college campuses are open to any speaker invited by a student, student group or faculty member.

Specifies faculty members are not prohibited from maintaining classroom order.

Requires universities and community colleges to make reasonable efforts and make available reasonable resources to address the safety of an invited speaker and others in attendance.

Prohibits a university or community college from charging security fees based on the content of a speaker’s speech or the person who invited them.

Allows a university or community college to restrict the use of its nonpublic facilities to invited individuals.

Allows university or community college students, faculty or staff members to take a position on the public policy controversies of the day.

Encourages a university or community college to remain neutral on public policy controversies of the day unless the issues are essential to the day-to-day functioning of the institution.

Prohibits universities and community colleges from taking action on public policy controversies in a way that requires students or faculty to publicly express or endorse a particular view.

Allows a person whose expressive rights were violated to bring court action against any violation by a university, community college, faculty member or administrator; directs the court to award the greater of $1,000 or actual damages.

Requires each university and community college to include in its freshman orientation program information describing the policies and rules regarding free expression.

COMMITTEES ON FREE EXPRESSION

Requires ABOR to establish a Committee on Free Expression (Committee) consisting of at least 15 members. (Terminates the Committee on July 1, 2026).
HB 2563: Postsecondary Institutions; Free Expression Policies (Continued)

Requires the Committee to submit an annual report, by September 1, to the Governor, Senate and House. The report must include:

- Barriers or disruptions to free expression
- The administrative handling and discipline relating to barriers or disruptions to free expression
- Substantial difficulties, controversies or successes in maintaining a posture of administrative and institutional neutrality
- Any assessments, criticisms, commendations or recommendations from the Committee
- An accounting of how student activity fees were allocated in the prior year

**Status:** signed into law by the Governor; effective on August 3, 2018.

HB 2261: Veterinary Faculty Members; Licensure Requirements

**UA Position:** neutral once the bill was amended

Removes the requirement that an applicant for a veterinary faculty member license meet the following criteria:

- Graduate from a veterinary college accredited by the American Veterinary Medical Association (AVMA), or
- Hold a certificate issued by the educational commission for foreign veterinary graduates

Requires an applicant for a veterinary medicine license to pass a Board approved state examination and the North American Veterinary Licensing Examination.

Requires, if applicable, a veterinary faculty member employed by an AVMA accredited college to meet the veterinary faculty member license requirements.

**Status:** signed into law by the Governor; effective on August 3, 2018.
SB 1098: Industrial Hemp; Licensing

UA Position: none taken

POTENTIAL UA IMPACT: LEGISLATIVE FINDINGS

Declares that developing and using industrial hemp can improve the state’s economy and agricultural vitality, as determined by the legislature.

States that the purpose of the article is to:

- Promote the economy and agriculture through a pilot program on the research, growth, cultivation, & marketing of industrial hemp by higher education and the Department of Agriculture (Department)

Allow the Department to regulate the production of industrial hemp.

Require all processing, manufacturing, distribution and market research be certified and pre-approved by the Department through the pilot program.

Allow for the commercial growth, cultivation, manufacturing, distribution, market research and marketing of industrial hemp outside the program, if authorized by federal law.

Restrict unauthorized hemp seed from being planted.

POTENTIAL UA IMPACT: LICENSE

Requires a grower, harvester, transporter or processor to complete the following:

- Apply and obtain an industrial hemp license from the department;
- Provide proof of a valid fingerprint clearance card

Stipulates that the original and renewal application shall comply with the following:

- On a form issued by the department
- Be complete and accurate
- Pay the appropriate fee prescribed by the Director

States that licenses are valid for one year and may be renewed with the Department.
SB 1098: Industrial Hemp; Licensing (Continued)

Allows licensees to renew every two years if they pay twice the designated fee; Licensees are still required to comply with annual reporting requirements.

Allows the Department to revoke, refuse to issue or renew any license if in violation of state law, federal law or Department rule.

Appropriates $250,000 and 3 FTE positions to the Department in FY 19-20 to carry out the program.

Appropriates $500,000 from the state General Fund to the Department.

Becomes effective one year after the general effective date.

*Status: transmitted to the Governor; awaiting action.*

SB 1215: WICHE; Continuation

*UA Position: support*

Extends the Western Interstate Commission for Higher Education until July 1, 2026

Repeals on January 1, 2027.

Contains a retroactive date of July 1, 2018.

*Status: signed into law by the Governor; effective on August 3, 2018.*
SB 1463: Psychologists; Licensure; Requirements

_UA Position: this bill was brought forward by the UA_

Permits doctoral graduates of a Psychological Clinical Science Accreditation System program to automatically meet education and training requirements for licensure.

_Status: this bill made it through the entire process but did not receive a Final Read in the Senate. The UA intends to bring this issue forward again next year._

HB 2172: Postsecondary Institutions; Possession; Nonlethal Weapons

_UA Position: oppose_

States that a university or community college may not prohibit the possession of a non-lethal weapon on campus.

Allows a university or community college to adopt rules and disciplinary standards for nonlethal weapons that are used or displayed in a non-emergency manner.

Defines non-lethal weapon as “a weapon explicitly designed, manufactured, marketed for personal protection consumer use, is non-explosive and is developed to incapacitate or repel a person with a low probability of fatality, permanent injury, or any equipment with minimal impact on the environment.”

_Status: died during Senate Third Read._

HB 2280: Universities; Lease-back Financing

_UA Position: oppose_

Prohibits ABOR from entering into a development agreement or execute a transaction that transfers a deed to the board and the board or university subsequently leased back to a private entity for commercial use, unless the property is used for a primarily academic purpose or for student housing.

Prohibits ABOR from creating a new research park or increasing the size of an existing research park without approval from the legislature; requires ABOR to review all leases to make sure universities are compliant.

_Status: Passed House Ways and Means Committee but did not move forward._
HB 2482: Foster Care Tuition Waiver

UA Position: support

Requires a public university or community college to provide tuition waivers to students who meet the following criteria:

- Arizona resident
- U.S. Citizen or lawfully present
- 13 years old and currently in foster care or was in foster care at the age of 13 or was adopted from foster care at the age of 13
- Has been in the foster care system cumulatively for 6 months
- Under 26 years of age
- Total assets, not including scholarships and grants, are under $10,000.
- Is accepted into a university or community college
- Completes a FAFSA each year of the tuition waiver

Requires student remain in good standing with university or community college.

Prohibits a university from reducing a tuition waiver by any federal aid scholarship or public grant including those provided by the Department of Child Safety education and training voucher program.

Appropriates $755,500 from the GF in FY 18-19 to ABOR for the foster care tuition waiver program.

Requires ABOR to provide a report to JLBC and OSPB on October 1 of each year with the actual cost of the program.

States that the program will be funded on the actual cost beginning FY 19-20 and each year after.

Allows the university to apply federal aid, public grants and other public aid first if the legislature does not fund the program.

Declares that it is the intent of the legislature to fund all current and any future statutory tuition waivers.

Defines tuition as tuition and mandatory fees charged by the university or community college.

Status: died awaiting a Senate Third Read.
SB 1088: Children; Veterans; Disabilities; Tuition Waivers

UA Position: support

Requires a public university or community college to grant tuition waivers to individuals who meet the following requirements:

- A child or dependent of a member or former member of the U.S. Armed Forces with a disability rating of 30% or more, verified by Department of Veteran Services, and who is an Arizona resident or was stationed in AZ at the time of the injury.
- Meets the qualifications for admission.
- Must be 30 years old or younger.
- Has no more than 64 community college credits and has not obtained the necessary post-secondary credits, including transfer credits, necessary for a baccalaureate degree in their course of study.

Prohibits a convicted felon from receiving a tuition waiver.

Allows all legislatively mandated tuition waivers to be reduced by the amount of federal aid, scholarships, or public grants received by the student; Excludes scholarships or grants received from the DCS under the education and training voucher program.

Appropriates $9M from the GF to fund this waiver and all other statutory waivers.

Requires ABOR to report on October 1 of each year to Joint Legislative Budget Committee and Office Strategic Planning and Budgeting the actual cost of statutory tuition waivers in the previous year.

Appropriates $500,000 from the GF to the community college districts to fund this waiver.

Declares that it is the intent of the legislature to fund all current and any future statutory tuition waivers.

Status: died awaiting action in Senate Appropriations.
HB 2110: Universities; Governing Boards

UA Position: none taken

ARIZONA BOARD OF REGENTS

Reestablishes ABOR membership to include the:

- Governor
- Senate President
- Speaker of the House
- Senate Majority Leader
- House Majority Leader
- Senate Minority Leader
- House Minority Leader

Specifies the only powers, duties and responsibilities of ABOR are to:

- Review the actions of each University Governing Board
- Receive presentations from each University Governing Board and prescribe the scope of the presentation

Requires ABOR to meet twice a year.

Prohibits ABOR from employing staff.

UNIVERSITY GOVERNING BOARD

Establishes a Board for each public university, each Board will consist of four business representatives and three academic representatives, appointed by the Governor.

Requires the initial members of each Board to assign themselves by lot to three, one year terms and four, two year terms; All subsequent Board appointees will serve two year terms.

Allows for Board members to serve a second term.
HB 2110: Universities; Governing Boards (Continued)

Establishes each Board as corporate body that may:

- Adopt a corporate seal
- Contract
- Sue and be sued
- Purchase, receive, hold, lease and sell real and personal property for the benefit of the state and use of the university

Provides immunity to Board members from personal liability with respect to all actions taken in good faith while serving in their capacity as a Board member.

Allows Board members to receive reimbursement for expenses totaling no more than $170,000. Prohibits compensation.

Requires each university provide adequate staff for the Board.

Replaces all references of ABOR in statute with University Governing Board.

Status: the provisions of this bill passed the Senate Committee on Natural Resources, Energy and Water and did not move forward.
Questions

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