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OFFICE OF PUBLIC AFFAIRS

## 2008 LEGISLATIVE REPORT



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## **ASU LEGISLATIVE PRIORITIES**

The Second Regular Session of the 48<sup>th</sup> Legislature began on January 14, 2008 and finally ended 166 days later on June 27, 2008, the fourth longest session in state history. The lengthy session was due in large part to the budget deficit that continued to grow throughout the session.

Prior to the beginning of session, ASU adjusted its legislative priorities in light of the apparent fiscal crisis. The focus remained on procuring the resources needed to handle our enrollment growth and our requests were as follows:

### *Investment in Enrollment Growth*

- ASU sought an increased investment of \$13.1 million in enrollment growth for additional faculty and staff positions in order to meet the demands resulting from student enrollment increases and maintain academic quality.

### *Investment in Enrollment Growth Infrastructure*

- ASU requested an annual \$6 million state appropriation to fund the annual debt service payment on \$75-\$80 million financing that will construct new facilities and upgrade campus infrastructure. New facilities are needed to support new enrollment and faculty recruited to support the continuing student growth across the campuses.

### *Investment in Student Success*

- ASU requested a \$15 million state appropriation for investment in student success. Funding would: 1) improve availability and quality of freshman courses in all critical areas, 2) enhance advising, 3) expand and improve major course offerings, 4) improve the quality and number of technology delivered courses and programs, 5) make graduate teaching assistant/associate stipends in selected disciplines more competitive with peer institutions.

### *Mathematics & Science Teacher Initiative (STEM)*

- ASU requested a \$2 million base appropriation to support the Mathematics and Science Teacher Initiative known as STEM. The STEM Initiative would recruit, teach and retain teachers in STEM content areas, with a special focus on middle and secondary schools.

## **SESSION OVERVIEW**

By the first week of the session, the projections for the budget deficit from the Joint Legislative Budget Committee were already at (\$970 million) for 2008 and (\$1.7 billion) for 2009. This is based on a \$10.6 billion budget previously approved for 2008. While there was continued debate over the exact size of the deficit, ultimately the budget reductions for 2008 were for \$1.4 billion and \$1.9 billion for 2009.

Given the magnitude of the budget problems we are satisfied with the final product and grateful for the state's continued investment in higher education. At one point reductions as large as \$50 million for ASU alone were being discussed with only a few months left in 2008 and later a 15 % across the board cut for 2009 was on the table.

### **2008 BUDGET REDUCTIONS**

As the session progressed, revenue projections declined and budget negotiations advanced slowly, the topic of a hiring freeze arose. On February 21, the Governor issued a directive for a hiring freeze of all positions except for those related to health, safety or the collection or investment of state revenues. Although it applied only to those agencies that report directly to the Governor, the request was made of all agencies, boards and commissions to consider. Meanwhile, the legislature passed HB 2043 which contained similar language in March to provide statutory support to insure the freeze's implementation. This bill was vetoed.

On April 17, 2008, HB 2620 was passed which made reductions to the 2008 or current year budget. The shortfall was addressed by the following:

- o Fund Transfers: \$296 million
- o K-12 Rollover: \$272 million
- o Rainy Day Fund: \$487 million
- o Agency Reductions: \$310 million

The specific reductions to the universities included:

- \$10.5 million (\$5.25 million each from ASU and the U of A) for the schematic design of the Phoenix Biomedical Campus.
- \$14.7 million lump sum reduction, later determined by the Board of Regents to be \$6.6 million for ASU.
- \$875,000 rollback of FY 2008 Math & Science Teacher Initiative Loan program administered by ABOR.

## 2009 BUDGET PROVISIONS

The budget shortfall for 2009 was addressed in many ways. Some of the larger highlights included:

- Fund Transfers: \$339 million
- Highway Fund Shift: \$106 million
- K-12 rollover \$330 million
- Agency Reductions \$343 million
- K-12 Facility Financing \$527 million
- K-12 Facility Project Deferral \$187 million

The specific provisions affecting the universities included:

- Full funding of the 2009 enrollment requests (ASU \$13.2M; NAU \$6.5M; UA \$1M).
- A \$50 million overall reduction to the system, allocation to be determined by ABOR. Arguably the most important caveat to these budget changes is that they were based on an assumption that the 2008 reductions were one-time.
- The \$50 million reduction represents a 4.6% cut to the university system's FY09 baseline (or only 1.1% below FY08 current funding).

The greatest news was surely that the university construction stimulus package (SPEED) was included in the final budget package. This piece of the budget made the necessary policy changes to the state lottery such as the lifting of the advertising cap and increasing payout percentages to ensure increased revenues to fund the debt service for \$1 billion of university project construction. The \$1 billion specifically allocated \$470 million for the Phoenix Biomedical Campus and \$530 million to be allocated to campuses/projects determined by ABOR.

These increased investments would not have been possible without Governor Napolitano's and the Arizona Legislature's commitment to advancing Arizona's higher education system. We are very grateful and appreciate their hard work and dedicated public service.

We also want to thank the members of the Sun Devil Advocates Network for their efforts which contributed to this favorable outcome. The Sun Devil Advocates Network continues to play a pivotal role in the evolution of Arizona State University.

## **SUMMARY OF LEGISLATION**

The veto of SB 1012 which was the continuation of the Arizona Commission for Postsecondary Education coupled with the fact that the bill to re-create a State Board for Community Colleges failed in committee a few weeks later seems to clearly indicate that on-going high-level discussions surrounding higher education governance will continue in the years to come.

There are four bills that the universities supported that died.

*HB 2518/2136 - Student Protection; Credit Card Solicitation*

*HB 2787 - Teacher and Classroom Data*

*SB 1377 - Procurement; Construction; Specialized Services*

*HB 2766 - Omnibus Energy Act of 2008*

We are happy to report that none of the bills we formally opposed passed. The one that probably received the most media attention was SB 1214 (concealed weapons; school grounds).

### **LEGISLATION ENACTED:**

#### **HB 2008 - SCHOOLS; ALTERNATIVE GRADUATION REQUIREMENTS**

Reinstates, retroactive to January 1, 2008, alternative high school graduation requirements for pupils who have failed to achieve a passing score on the Arizona Instrument to Measure Standards (AIMS) test. However, the maximum amount a pupil may augment their AIMS test score is 25% of the pupil's highest achieved score for the 2007-08 and the 2008-09 school year; 15% for the 2009-10 school year; and 5% for 2010-11 and subsequent school years.

First sponsor: Rep Schapira.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0202.htm>

#### **HB 2075 - WICHE; CONTINUATION**

Continues Arizona's participation in the Western Interstate Commission for Higher Education through June 30, 2018. Retroactive to July 1, 2008. First sponsor: Rep. J. Burns.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0141.htm>

#### **HB 2159 - STATE EMPLOYEES; PERSONNEL RECORDS**

Requires a public body to maintain records that are reasonably necessary or appropriate to maintain an accurate knowledge of disciplinary actions involving public officers or employees of a public body and to include employee responses to all disciplinary actions. First sponsor: Rep Adams.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0277.htm>

HB 2208 - GRADUATION MEDICAL EDUCATION; FEDERAL MATCH

Allows local governments to provide monies for GME in order to qualify for federal matching monies for costs incurred pursuant to a specific contract between the AHCCCS Administration and providers or other entities to provide GME services as an administrative activity. First sponsor: Rep Burns.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2r/laws/0158.htm>

HB 2230 - COLLEGE TEXTBOOKS; INFORMATION

Requires a publisher of a textbook or supplemental materials for college courses to provide, in accordance with policies adopted by ABOR and community college districts, information about the materials to faculty members or other employees responsible for selecting or adopting course materials, including: whether the materials are offered bundled or unbundled; the suggested retail price, estimated wholesale price, or the price that the publisher makes available to the public for the material; the copyright dates of previous editions if the dates do not appear in the materials; and a summary of the substantive content differences between the current and the immediate previous edition. Includes a provision prohibiting a faculty member or institution from receiving incentives for choosing specific texts. Requires public universities and community colleges to notify faculty of the provisions of the article and to adopt policies on or before January 1, 2009. First sponsor: Rep Tobin.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0146.htm>

HB 2410 - OPEN MEETINGS; PUBLIC OPINIONS

Clarifies that the state's open meeting law does not apply when a member of a public body expresses an opinion or discusses an issue with the public, via the media or technological means. First sponsor: Rep J. Kavanagh.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0135.htm>

HB 2507 - POLITICAL SUBDIVISIONS; STATE INVESTMENTS

Amends statute to allow the governing body of a political subdivision, Indian tribe, public trust or other public entity, by resolution, to authorize the state treasurer to invest the public entity's trust monies in long-term endowments in equity securities. First sponsor: Rep. Konopnicki; Others: Rep. Adams, Rep. Anderson, Rep. Burns, Rep. Crandall, Rep. Crump, Rep. Desimone, Rep. Driggs, Rep. Nichols, Rep. Stump, Rep. Thrasher.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0136.htm>

HB 2622 - PRIME CONTRACTING CLASSIFICATION; CONTRACT SERVICES  
Exempts, beginning tax year 2001, transaction privilege tax for preconstruction services related to prime contracting. First sponsor: Rep Boone.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2r/laws/0255.htm>

HB 2736 - EARLY GRADUATION SCHOLARSHIPS; ACADEMIC YEAR  
Modifies statutes relating to early graduation scholarships to conform to federal law. Requires the Postsecondary Commission to verify costs for qualifying students at a postsecondary institution. Removes the requirement that a student or their parent or guardian must sign a promissory note for reimbursement if the terms of the statute are not met. Requires the Department of Education to provide the Postsecondary Commission with a list of early graduates. First sponsor: Rep. Tobin.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0140.htm>

SB 1253 - STATE EMPLOYEES; LIVING DONOR LEAVE

Permits state employees to take a leave of absence for five work days to serve as a bone marrow donor or thirty work days to serve as an organ donor. First sponsor: Sen. Burns.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2r/laws/0259.htm>

SB 1277 - DISABLED VETERANS; RETRAINING; TASK FORCE

A seven person task force under ABOR is created to research, collect and publicize information on educational programs to retrain disabled military veterans. Each of the three university presidents is given one appointment to make. A report to the governor and Legislature is due by Dec 1. Repeals on July 1, 2018. First sponsor: Sen. Huppenthal.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0128.htm>

SB 1340 - TAX EXEMPTION; INTERNET APPLICATIONS

Exempts assessment application services designed to test student learning or promote curriculum design that are purchased by any school district, charter school, community college or state university from the use tax and the following activities under TPT: Retail classification, telecommunications classification, and rental property classification. First sponsors: Senators Bee, Aboud, O'Halleran, Leff, Aguirre, Waring, Arzberger, Blendu, and Reps Paton and McClure.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0194.htm>

## SB 1456 - PUBLIC RECORDS; STORAGE

Allows public records to be kept exclusively on photograph, film, microfiche, digital imaging or other types of reproductions or electronic media (formerly, had to be on paper). On approval from the director of the Dept of Library, Archives and Public Records, the source documents may be destroyed after an administrative audit and after safeguards are in place to protect the public records. First sponsor: Sen. Gould.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/legtext/48leg/2R/laws/0075.htm>