

The legislature wrapped up the 2018 regular session just after midnight, 116 days after it began. The final days of the unusual session were long and tense. Thousands of teachers filled House and Senate galleries to watch legislative proceedings and rallied on and around the Capitol in support of increased funding for teachers and classrooms. After an all-night debate on Wednesday, legislators passed a state budget that includes a total increase of 20% in teacher pay over the next three years. The teacher walkout ended today, but the widespread attention on education will continue as a major factor in the November election.

A total of 396 measures were passed this year, and Governor Ducey has signed 285. He issued 16 vetoes; 10 of them as a messaging tactic to direct the legislature's attention toward a state budget proposal. The Governor has 10 days to act on the more than 60 bills the legislature recently sent to his desk.

Those bills include a new [drug education program](#), limited new authorities for [dental therapists](#), funding for a [Produce Incentive Program](#) for SNAP recipients, [stricter penalties](#) for drivers who seriously injure or kill someone, and authorization for health professional regulatory boards to build a [Health Professional Workforce Database](#) to better understand Arizona's health workforce.



Several high-profile proposals failed to pass in the final days of the session. Senators voted against a ballot referral that would have asked voters to change how the state draws [political district maps](#) and a bill that would have required colleges and universities to allow [non-lethal weapons](#) (like tasers) on campus. After a day-long debate that led to [big changes](#) to the [Governor's school safety plan](#), the Senate passed the bill on a party-line vote; the House never heard the bill. House members failed a bill that would have allowed [education programs](#) instead of prosecution for some shoplifters, and voted down a controversial new [property tax break](#).

Bills to expand [testing and inspection](#) of medical marijuana and alter requirements for secured entrances at non-profit medical marijuana dispensaries failed because supporters could not obtain the supermajority vote that is required to change the voter-enacted medical marijuana law.

Legislators cancelled a vote on a measure that would have exempted some [digital goods and services](#) from state sales tax, and did not hold a vote on a provision that would have allowed Arizonans to pay their income taxes in [cryptocurrencies](#) like bitcoin.

Though there were 40 ballot referrals introduced this session, the legislature sent only two proposals to the November ballot. HCR 2032 proposes changes to two of the state's [public pension systems](#), and HCR 2007 changes [clean elections laws and procedures](#). A [rumored effort](#) to repeal last year's [expansion](#) of the state's Empowerment Scholarship Accounts (ESAs) did not take place due to opposition from some Republicans. The lack of legislative action means that Arizonans can [vote on the expansion](#) in November.

As legislators closed the final hours of the session, many paid tributes to policymakers who will retire or run for another office in November. After almost five months of tense political decisions, the session ended with a moment of bipartisan harmony...[literally](#).

### Texting Ban Fails to Advance

The House and Senate never agreed on the details of [a bill](#) that would ban the use of cell phones while driving in Arizona. A conference committee charged with finding a compromise on the controversial proposal never met. The issue will likely be introduced again next year.

### State Budget Focuses on Education Funding

The fiscal year 2019 state budget spends a total of \$10.4 billion, up from the \$9.8 billion budget enacted last year, for a spending increase of 5.7% this year, with a projected end-of-the-year surplus of \$103 million. The new spending is funded by a wide range of shifts from designated funds, revenues from increased economic activity and reduced school enrollment and AHCCCS caseloads, reduced state offsets to [local property taxpayers](#) in nine school districts, and enhanced fraud prevention and enforcement by the Arizona Department of Revenue. A new [vehicle registration fee](#) is expected to generate \$91 million for state funding priorities in the next fiscal year.

Education is the main priority of the budget, which includes Governor Ducey's plan to increase teacher pay by a total of 20% over the next three years – a total investment of \$644 million. It also provides ongoing funding for other education priorities, like \$100 million in additional district assistance that will grow to \$371 million annually by 2023.

The budget also includes resources for:

- A computer science pilot program (\$100,000)
- Large Joint Technical Education Districts (\$1.8 million)
- Geographic literacy programs (\$100,000)
- Programs for gifted students (\$1 million)
- The Foster Youth Education Success Fund (\$1 million, with an additional \$500,000 to draw down matching funds)
- Funding for the Birth-to-Three program in the Arizona School for the Deaf and Blind (\$2 million),
- School Facilities Board funding for school renewal and maintenance (\$53 million)
- Resources for new school construction in Chandler, Tolleson, and Queen Creek (\$86 million)

[Click here](#) for the Arizona School Boards Association's summary of all education-related impacts, and [here](#) for specifics on education appropriations.

AHCCCS and School Safety

The budget does not cap enrollment for AHCCCS but does reduce the agency's funding by \$65 million to adjust for predicted caseload reductions. It also reduces funding for the Temporary Cash Assistance for Needy Families services by \$5 through fund shifts and predicted caseload reductions.

It does not provide new funding or statutory changes for KidsCare. Congress has appropriated two years of funding for the state's insurance program for children but will reduce funding after that point – which will immediately stop enrollment in the program under Arizona law. Representative Regina Cobb (R-Kingman), who championed an effort to find new funding for KidsCare, said she will continue to fight for funding for the program next year.

It provides \$3 million for AHCCCS to provide behavioral health services to schools, and \$100,000 for an AHCCCS suicide prevention coordinator authorized to assist schools with suicide prevention efforts.

Arts

The state provided \$2 million for the Arts Commission – \$500,000 more than last year's appropriation.

Child Safety

The budget appropriates \$1.2 million for Department of Child Services' adoption services, and \$100,000 for the Attorney General's Child Advocacy Fund.

It also requires the out-of-home care population at the Department of Child Services to be no higher than 13,964 children by June 30, 2019.

Developmental Disability Services

The budget provides a one-time payment of \$13 million for the Department of Economic Security's Division of Developmental Disabilities and appropriates a total of \$36.5 million for one-time funding of increased provider costs associated with Proposition 206.

It requires DES to report on the total costs of the Arizona Training Program at Coolidge in a legislative report by September 21, 2019 and requires the agency to submit a plan for reduced screening costs for the Arizona Early Intervention Program by December 1, 2018.

Higher Education

The budget appropriates \$8 million for Arizona's public universities, and more than \$2 million in additional funding for "freedom school" programs. It also continued the Foster Care Tuition Waiver Pilot Program, which was scheduled to end on July 1, 2018, and extends the Arizona Teacher Academy beyond the 2018 academic year.

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## Health and Human Services

The budget increases the hospital assessment by a total of \$35.2 million and dedicates \$55 million for a 2.5% AHCCCS provider rate increase. It also allocates \$2.9 million for skilled nursing provider rate increases and boosts funding for critical access (rural) hospitals by \$1.8 million.

It appropriates \$1 million to foodbanks around the state, adds \$2 million for Alzheimer's research, and designates \$500,000 for expanded home and community-based services for the elderly.

The budget allows DES to use up to \$25 million from the state's Rainy Day Fund to draw down reimbursement grants, but does not authorize the agency to spend \$60 million in [federal child care funding](#).

## Tax

The budget includes \$2 million a year for a tax cut for military pensions, which will begin in 2020.

## Technology

The budget includes funding for a range of IT projects and priorities in state agencies, including:

- \$5.3 million for the Arizona Department of Education's ELAS program
- \$5 million to upgrade the DCS Children's Information Library and Data Source System (CHILDS)
- \$2.8 million for updates to the Criminal Justice Information System at DPS

## Water, Land, and Fire Safety

The budget dedicates \$4 million to develop and expand public access to Oracle State Park in the Catalina Mountains, and appropriates \$2.5 million to renovate Buckskin Mountain State Park in Parker.

It includes an immediate appropriation of more than \$4 million to cover costs of fire suppression. \$650,000 for hazardous vegetation funding to prevent forest fires and enables the Arizona Department of Forestry and Fire Management to use existing funds for firefighting crews and costs.

It appropriates \$91,300 over two years for the Department of Agriculture to manage the wild horses on the Salt River.

*For full details on these and other revenue and spending in the budget, [click here](#).*

## **On the Bright Side...**

Economists say [there's no recession](#) on the horizon for Arizona.