The Big Picture

Each year, the interim is an important time to work on issues that will become the following session’s major issues. This past interim, the Governor focused on two things: opioids and water.

During the interim, Governor Ducey convened a group of select stakeholders and policy makers with an ambitious goal: a major update to the state’s water laws. While there have been numerous water bills introduced and signed over the past 37 years, this would be a major undertaking rivaling the Groundwater Management Act of 1980. As we head to a shortage on Lake Mead and a reduction in water allocations, the attempt at working together became a turf fight between the Governor’s Department of Water Resources (ADWR) and the Central Arizona Project (CAP).

On the opioid crisis, Cara Christ, Director of the Department of Health Services took the lead in working on this issue. She convened stakeholders, worked with the hospitals and others to look at data surrounding the issue of overdoses and created a multi-point action plan for the Governor’s review.

During the State of the State address, Governor Ducey continued a theme from the previous year by making education a priority in his budget. He continued his modest teacher pay proposal (an additional 1%) and proposed a five-year restoration of recession era cuts to the portion of the K-12 funding formula known as “additional assistance.”

As session began, the legislators involved in the Governor’s water group, introduced their own bills, for the most part, not supporting the Governor’s position. The Governor did not have his versions for the bills introduced but others did. As legislators took sides, progress slowed and eventually halted. It will be an issue next session as snow pack on the Rockies is down and our second decade of drought continues.
The exact opposite happened on the opioid issue. On January 22nd, the Governor called a Special Session on Opioids. The Governor’s bill was constructed with the help of the DHS and the advocacy organizations, the Regional Behavioral Health Authorities, hospitals and medical professionals. Within three days, the Special Session was ended with the Governor signing a bill that included the following provisions:

- prevent prescription opioid drug abuse through appropriate prescribing practices,
- develop guidelines to educate healthcare providers on responsible prescribing practices,
- expand access to treatment, especially Medication Assisted Treatment (MAT), and
- reverse overdoses through the distribution of naloxone.

As the Regular Session was moving along in mid-February, the Parkland school shooting happened. Governor Ducey pivotd and had his staff begin working on a School Safety Plan, which ultimately included more money for School Resource Officers, a STOP program as a way to temporarily take away someone’s weapon and more money for behavioral health services in schools.

Just a little over a week later, the teachers in West Virginia went on strike. By the end of March, teachers in Oklahoma and Kentucky went on strike and Arizona educators were threatening to follow suit.

As the Governor readied his School Safety Plan, we saw the beginnings of the most powerful grassroots movement in a generation – RedForEd. This effort began as a successful push to pass an extension of Prop 301 legislatively. Prop 301 will still be voter protected until June 2021, but the .6 sales tax extension was approved this session to remain on the books for an additional 20 years. As for ASU and the other universities, the Prop. 301 extension means that the portion of the sales tax that funds the Technology and Research Initiative Fund (TRIF) will remain in place. However, our challenge is in protecting that fund from a legislative raid. Now that the extension is signed and in law, the legislature is now free to eliminate or move any portion of the Prop 301 dollars. If they do make a change to the funding buckets, it cannot take effect until after the voter protection expires in 2021. There have been talks about taking something to the ballot in 2020, to re-voter protect Prop 301 and potentially increase the amount it funds.

Sensing momentum, the RedForEd teachers demanded a 20 percent pay raise. Over the course of a week, the teachers of the RedForED movement brought more than 40,000 teachers down to the Capitol to protest, strike and meet with legislators. They went from receiving a 2 percent raise over two years to a 20 percent raise over three years.
While it took some time for the legislature to come to grips with that increase and how to pay for it, they ultimately agreed to Governor Ducey’s proposal marketed as 20x2020 (a 20 percent pay raise by the start of the 20-21 school year.) Combined with a plan to phase back in full funding of District and Charter Additional Assistance, K-12 received the lion’s share of attention and funding this year. While teachers were happy to get a raise, they felt that without additional revenue into the state, the funding for these raises would not be sustainable.

Overall, the budget restores nearly a third ($100M) of that funding in the FY 19 budget, and advance-appropriates the full $371M by FY 23 when the phase-in will be complete. In total, the $10.4 billion budget provides about $4.5 billion for K-12 education, $1.8 billion for AHCCCS, and $1.1 billion for prisons.

The FY ’19 budget for the Universities was disappointing. After last session’s bruising fight over the bonding program, the Governor only proposed $8 million in one-time funding, continuing a downward trend. In addition, the Governor proposed continuing the Health Insurance Trust Fund sweep costing more than we receive in one-time dollars.

When the Governor announced his teacher pay plan, he dropped his support for the $8 million. We were able to restore the $8 million during the ensuing budget debate. Final appropriations for the Universities were:

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<th>Purpose</th>
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<th>NAU</th>
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During the session, lawmakers also voted to:

- Set up a ‘fin-tech sandbox’ so companies can set up innovative financial products without licensure and the usual regulatory hurdles
- Refer to the ballot whether to impose new limits on Clean Elections
- Give eggs a longer “sell by” date at the grocery store
- Designate the Sonorasaurus as our state dinosaur

As for the Governor’s priority at the start of session, it proved the old adage once again - whiskey is for drinking and water is for fighting. While there was plenty of squabbling, none of the large water issues so prominent in January made it to the finish line.

Also failing in the waning days of session were efforts to:

- Short circuit the citizens referendum on the voucher expansion bill passed last year
• Remake the Independent Redistricting Commission
• Legislatively clarify the taxing designations for various digital goods and services

Nearly all of these issues are expected to resurface in 2019.