

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature – Second Regular Session  
**COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION**

MINUTES RECEIVED  
CHIEF CLERK'S OFFICE

3-4-16

Report of Regular Meeting  
Thursday, March 3, 2016  
House Hearing Room 1 -- 9:00 a.m.

**Convened** 9:05 a.m.

**Recessed**

**Reconvened**

**Adjourned** 11:33 a.m.

**Members Present**

Ms. Alston  
Mr. Larkin  
Mr. Olson  
Mr. Petersen  
Mr. Saldate  
Mr. Ackerley, Vice-Chairman  
Mr. Thorpe, Chairman

**Members Absent**

Mr. Lovas  
Ms. Townsend

**Agenda**

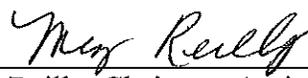
Original Agenda – Attachment 1

**Request to Speak**

Report – Attachment 2

**Committee Action**

<b><u>Bill</u></b>	<b><u>Action</u></b>	<b><u>Vote</u></b>	<b><u>Attachments</u></b> (Summaries, Amendments, Roll Call, Attendance)
SB1322	DP	5-2-0-2	3, 4, 5
SB1040	DP	7-0-0-2	6, 7
SB1037	DP	7-0-0-2	8, 9
SB1038	DP	7-0-0-2	10, 11
SB1144	DP	6-0-0-3	12, 13
SB1151	DP	7-0-0-2	14, 15
SB1152	DP	7-0-0-2	16, 17
SB 1160	DP	7-0-0-2	18, 19
HCR2012	DISCUSSED/HELD		
ATTENDANCE SHEET			20



Meg Reilly, Chairman Assistant  
Friday, March 4, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

*Convened: 9:05 a.m.*

REVISED #2 - 03/02/16

REVISED #2 - 03/02/16

REVISED #2 - 03/02/16

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - Second Regular Session

*Adjourned: 11:33 A.M.*

REGULAR MEETING AGENDA

**COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION**

DATE Thursday, March 3, 2016

ROOM HHR 1

TIME 9:00 A.M.

Members:

Ms. Alston  
Mr. Larkin  
Mr. Lovas

Mr. Olson  
Mr. Petersen  
Mr. Saldate

Ms. Townsend  
Mr. Ackerley, Vice-Chairman  
Mr. Thorpe, Chairman

Presentation on the Impacts of the Refugee Resettlement

Bills	Short Title	Strike Everything Title
*HB2214	<u>                    </u> universities; tuition cap; funding <u>                    </u> (Larkin, Alston, Andrade, et al) <u>                    </u> GHE, APPROP, RULES	
*HCR2012	<i>document held</i> <u>                    </u> legislative sessions; opening date <u>                    </u> (Mesnard) <u>                    </u> GHE, RULES	
**SB1010	<i>held</i> <u>                    </u> recycled materials report; state agencies <u>                    </u> (Kavanagh) <u>                    </u> GHE held 0-0-0-0-0, RULES	S/E: information privacy; school service providers
SB1037	<u>DP</u> <u>                    </u> ASRS; board delegation; benefit determinations <u>                    </u> (Lesko) <i>7-0-0-2</i> <u>                    </u> GHE, RULES	
SB1038	<u>DP</u> <u>                    </u> ASRS; reinstatement; contribution amount <u>                    </u> (Lesko) <i>7-0-0-2</i> <u>                    </u> GHE, RULES	
SB1040	<u>DP</u> <u>                    </u> department of administration; continuation <u>                    </u> (Kavanagh) <i>7-0-0-2</i> <u>                    </u> GHE, RULES	

Bills	Short Title	Strike Everything Title
SB1144	<u>DP</u> ASRS; contributions; adjustments (Lesko)	
	<u>6-0-0-3</u> GHE, RULES	
SB1151	<u>DP</u> ASRS; continuation (Lesko)	
	<u>7-0-0-2</u> GHE, RULES	
SB1152	<u>DP</u> PSPRS; EORP; CORP; continuation (Lesko)	
	<u>7-0-0-2</u> GHE, RULES	
SB1160	<u>DP</u> CORP; reverse deferred retirement option (Smith, Borrelli, Cardenas, et al)	
	<u>7-0-0-2</u> GHE, RULES	
SB1322	<u>DP</u> community colleges; expenditure limitation (Allen S, Begay, Bradley, et al)	
	<u>5-2-0-2</u> GHE, APPROP, RULES	

\* Discussion only  
 \*\* On previous agenda

**ORDER OF BILLS TO BE SET BY THE CHAIRMAN**

MR  
 3/2/16

**People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.**

# Information Registered on the Request to Speak System

---

## *House Government and Higher Education (3/3/2016)*

### **SB1010, recycled materials report; state agencies**

#### **Support:**

Cherie Stone, AZ DEPT OF ADMINISTRATION; Robyn Jordan, representing self; Cubes Anderson, representing self; Shawna Trupiano, representing self; Emma Garcia, representing self; Jolynn Corr, representing self; Pamela Safago, representing self; Minnie Cruz, representing self; Aime Ruiz, representing self; Miguel Cordova, representing self; Vanessa Lopez, representing self; Eric Lopez, representing self; Cyndi Cirre, representing self; Chris Beisecker, representing self; Monique Myers, representing self; Caroline Donsbach, representing self; Kimberlynn Bailey, representing self; Kymberli Rand, representing self; Lori Fabian, representing self; Deanna Nieman, representing self; Tauni Pence, representing self; Brian Murray, ARIZONA PARENTS FOR EDUCATION; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Joseph Abate, AT & T INC

#### **Oppose:**

Olga Tarro, representing self

#### **All Comments:**

Cherie Stone, AZ DEPT OF ADMINISTRATION: Supportive of underlying bill.; Robyn Jordan, Self: As the President of Arizona Parents for Education, I encourage your support of the strike-everything amendment, which protects my child's personal information.; Cubes Anderson, Self: As a member of Arizona Parents for Education, I support the strike everything amendment because it protects my child's personal information.; Shawna Trupiano, Self: Please support this bill, which protects my child's personal information.; Emma Garcia, Self: I support the strike everything amendment, which provides important privacy protects for my child. Please support this amendment.; Jolynn Corr, Self: As a member of Arizona Parents for Education, I strongly encourage your support of the amendment to SB 1010. Please help protect my child's personal information.; Pamela Safago, Self: Please support this bill, which protects my child's personal information. I am an Arizona Parents for Education member, and I respectfully request you vote "yes" on SB1010. Thank you.; Minnie Cruz, Self: As a member of Arizona Parents for Education, I encourage you to support this bill. I don't want businesses selling my child's information. Thank you.; Aime Ruiz, Self: I am an Arizona Parents for Education member and I support the amendment to SB 1010. Don't allow business to sell my child's information- please vote yes. Thank you; Miguel Cordova, Self: I support SB 1010, which protects my child's information from being sold and ads from being sent to my child. Please vote yes.; Vanessa Lopez, Self: Please protect the privacy of Arizona's children. I support SB1010 and ask that you do the same. Thank you.; Eric Lopez, Self: As a member of Arizona Parents for Education, I ask that you vote yes on SB1010. Please protect my child's personal information.; Cyndi Cirre, Self: Please protect my child's personal information. This bill prevents business from selling students information. I strongly support this bill.; Chris Beisecker, Self: As an AZ Parents for Education member, I strongly support this bill. Please vote yes. Thank you.; Monique Myers, Self: I strongly support this bill. It protects my child's personal information from use in advertising and sales to other parties.; Caroline Donsbach, Self: Please support SB1010. This bill protects Arizona students' personal information. As an AZ Parents for Education member, I support this bill.; Kimberlynn Bailey, Self: Protect my child's student data- please vote yes on SB 1010. Thank you!; Kymberli Rand, Self: Senate Bill 1010 protects my child and the privacy of all Arizona students. Please vote yes.; Lori Fabian, Self: This bill is important to protecting my child's

privacy. As an Arizona parent, I strongly support this bill, and encourage you to do same. Thank you.; Deanna Nieman, Self: I support protecting student privacy, and support SB1010. Please vote yes on this important bill. I am a member of AZ Parents for Education, and encourage you to support this bill to protect our children.; Tauni Pence, Self: This bill protects my child's information from being sold to third parties. Please support this bill. Many thanks from an Arizona parent and member of Arizona Parents for Education.; Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE: Support strike-everything amendment.; Joseph Abate, AT & T INC: Support the striker amendment

### **SB1037, ASRS; board delegation; benefit determinations**

#### **Testified in support:**

Nicholas Ponder, AZ STATE RETIREMENT SYSTEM

### **SB1038, ASRS; reinstatement; contribution amount**

#### **Testified in support:**

Nicholas Ponder, AZ STATE RETIREMENT SYSTEM

#### **Support:**

Barry Aarons, ARIZONA ASSOCIATION OF COUNTY SCHOOL SUPERINTENDENTS

### **SB1040, department of administration; continuation**

#### **Testified in support:**

Cherie Stone, AZ DEPT OF ADMINISTRATION

#### **Neutral:**

Leonard Clark Clark, representing self

### **HB2214, universities; tuition cap; funding**

#### **Support:**

Michelle Guilmette, representing self

### **SB1144, ASRS; contributions; adjustments**

#### **Testified in support:**

Nicholas Ponder, AZ STATE RETIREMENT SYSTEM

## **SB1151, ASRS; continuation**

### **Support:**

Nicholas Ponder, AZ STATE RETIREMENT SYSTEM

## **SB1152, PSPRS; EORP; CORP; continuation**

### **Testified in support:**

Dianne McCallister, PSPRS

### **Support:**

Michael Colletto, PROFESSIONAL FIRE FIGHTERS OF AZ; Don Isaacson, FRATERNAL ORDER OF POLICE (AZ STATE LODGE); Douglas Cole, PUBLIC SAFETY PERSONNEL RETIREMENT SYS

## **SB1160, CORP; reverse deferred retirement option**

### **Testified in support:**

Miryam Gutier-Elm, Maricopa County Sheriff's Office; Mike Williams, AZ Police Association

### **Support:**

James Mann, FRATERNAL ORDER OF POLICE (AZ STATE LODGE); John Stair, representing self; Megan Kintner, AZ ASSOCIATION OF COUNTIES; Don Isaacson, FRATERNAL ORDER OF POLICE (AZ STATE LODGE); Jerry Landau, Arizona Judicial Council; Jason Winsky, Combined Law Enforcement Associations Of Arizona; Kevin P. Sheridan, representing self; Richard Bohan, MARICOPA COUNTY; Deborah Pela, representing self; Liana Garcia, Maricopa County Superior Court

### **Neutral:**

Dianne McCallister, PSPRS

### **All Comments:**

Miryam Gutier-Elm, Maricopa County Sheriff's Office: Sheriff Joe Arpaio strongly supports the extension of the Reverse Drop Option for our Detention Officers. 62 Detention Officers are currently eligible to retire. Passage of this bill allow them to stay rather than retire in May; Kevin P. Sheridan, Self: President- Arizona Probation Officers Association Vice Chairman- Combined Law Enforcement Associations of Arizona; Deborah Pela, Self: I am the president of the Pima County Probation Officer's Association. The 450 adult and juvenile probation, surveillance, and detention officers all support SB1160 and ask the committee's support.

## **SB1322, community colleges; expenditure limitation**

### **Testified in support:**

Jeanne Swarthout, Northland Pioneer College; JD Rottweiler, COCHISE COLLEGE; Michael Racy, Lobbyist, COCHISE COLLEGE, NAVAJO COUNTY COMMUNITY COLLEGE DIST; Kevin DeMenna, MARICOPA COUNTY COMMUNITY COLLEGE DIST; Johanna Haver, representing self; Kristen Boilini, Arizona Community College Association

## **Testified as opposed:**

Sean McCarthy, AZ TAX RESEARCH ASSN; Henry Cheng, representing self; Michael Hunter, BARRY GOLDWATER INSTITUTE FOR PUBLIC POLICY RESEARCH; Kevin McCarthy, Arizona Tax Research Association

## **Support:**

Jessie Armendt, STAND FOR CHILDREN; Geoff Esposito, representing self; Glenn Mayle, AZ WESTERN COLLEGE; Michael Kearns, MOHAVE COMMUNITY COLLEGE; Penny Wills, YAVAPAI COLLEGE; Rivko Knox, representing self; Ryan DeMenna, MARICOPA COUNTY COMMUNITY COLLEGE DIST; David Bea, representing self; Erin Goodman, representing self; Ed Zito, representing self; Christy Miller, representing self; Rachael Barkley, representing self; Marilyn Duerbeck, representing self; Jim Norton, Arizona Manufacturers Council; Kelly Axelson, representing self; Becky Hill, EASTERN ARIZONA COLLEGE; Theodora Schiro, representing self; Nicholas Meyers, representing self; Elizabeth Howell, representing self; Martin Bastidas, representing self; Rene Teyechea, representing self; Lee Lambert, representing self; Jessica Rainbow, Arizona Community College Coordinating Council; Ryan Harper, GILA COUNTY PROVISIONAL COMMUNITY COLLEGE DISTRICT; Gibson McKay, Community Colleges

## **Oppose:**

Jean McGrath, representing self; Boaz Witbeck, AMERICANS FOR PROSPERITY AZ; Tom Jenney, AMERICANS FOR PROSPERITY AZ; David Richardson, representing self; Jered Skousen, representing self; Thomas Woodrow, representing self; Bryan Lee Briggs, representing self; William C Holmes, representing self; Jaimie Kleshock, representing self; Marcelino Varona, representing self

## **All Comments:**

Jean McGrath, Self: I am a Board member of Maricopa County Community College District and the Board never discussed or voted on this legislation. Please vote no as the community colleges in AZ are wasting your tax money and need no new opportunities for spending.; David Richardson, Self: Exaggerating student counts to get more money is basically fraud of the public. This bill allows just that.; Jered Skousen, Self: Let's stick with what the original spirit of these rules was and not allow exaggeration in student counts.; Thomas Woodrow, Self: This bill will increase spending, please kill this bill.; Johanna Haver, Self: As Secretary of the MCCCCD Board, I attest to the fact that the majority of the Board supports SB 1322. We heard reports and discussed the measure at several meetings. It would definitely benefit MCCCCD without impacting Arizona taxpayers.; Erin Goodman, Self: 1322 gives colleges the flexibility they need to ensure Arizonans have the opportunity to attain a post-secondary degree or credential. Colleges play an important role in supporting Arizona's economy and workforce needs.; Christy Miller, Self: This bill is important because it gives community colleges the ability use funds to develop innovative programs, pursue grants and seek other opportunities to serve AZ students and meet our workforce needs; Marcelino Varona, Self: I am a member of the Santa Cruz County Provisional Community College Governing Board and do not support a bill that gives certain community college districts special treatment. Every district should have equal opportunities.; Rachael Barkley, Self: • Community colleges play an important role in supporting Arizona's economy and building a pipeline of talent to meet workforce needs; Kelly Axelson, Self: Community colleges play an important role in supporting Arizona's economy and building a pipeline of talent to meet workforce needs.; Theodora Schiro, Self: • This gives community colleges the expenditure flexibility they need to develop innovative new partnerships, pursue grants and seek other opportunities to serve more students, innovate and meet workforce needs; Nicholas Meyers, Self: As a Pima Community College student I support this initiative to better prepare our community colleges for the much needed workforce development in Arizona.; Lee Lambert, Self: As Chancellor of Pima Community College, we fully support this bill. It will provide a transparent mechanism for estimating student count, along with providing needed additional capacity for expensive workforce training programs in the 21st century.



# HOUSE OF REPRESENTATIVES

SB 1322

community colleges; expenditure limitation

Prime Sponsor: Senator Allen S, LD 6

X Committee on Government and Higher Education

Committee on Appropriations

Caucus and COW

House Engrossed

## OVERVIEW

SB 1322 modifies the method for a community college district to calculate its expenditure limitation (EL).

## PROVISIONS

1. Permits community college district governing boards to:
  - a. Accept grants or donations from the state, political subdivisions, tribal governments school districts and special taxing districts.
  - b. Engage in entrepreneurial and commercial activities.
  - c. Collect auxiliary fees.
  - d. Provide goods and services through a contract with a political subdivision or tribal government.
2. Determines the following to not be considered local revenues for the purposes of EL calculations:
  - a. Grants and donations.
  - b. Research and development, royalty, development, licensing and profit-sharing agreements that meet specified requirements.
  - c. Entrepreneurial and commercial activities.
  - d. Auxiliary fees.
  - e. Goods and services through a contract with a political subdivision or tribal government.
3. Prescribes the following formula for determining the number of Full Time Equivalent Students (FTSE) to use for EL calculations:
  - a. Determine the FTSE for state aid purposes.
  - b. Multiply the number of FTSE that are enrolled in Career and Technical Education (CTE) courses approved by the Arizona Department of Education in accordance with the Carl D. Perkins CTE Improvement Act of 2006 by 0.3 and add it to the previous number.
4. Requires the Auditor General (OAG) to separately audit the FTSE calculation for EL calculations, beginning in Fiscal Year 2017, and include the audit in current reporting requirements.
5. Permits community college districts to submit to the Economic Estimates Commission (EEC) one of the following FTSE estimates:
  - a. The most recent audited FTSE count for EL calculations.
  - b. The average of the five most recent audited FTSE counts for EL calculations.

## SB 1322

- c. A FTSE count that exceeds the most recent audited FTSE count for EL calculations by up to 5% if the actual FTSE count 45 days after classes begin in the current fall semester exceeds the actual FTSE count after classes began in the previous fall semester.
6. Permits community college district boards, by a two-thirds vote, to refer to the voters in the district a permanent change in the Base Limit used to determine the EL.
7. Permits permanent Base Limit changes to be authorized upon the majority of the qualified electors voting at a regularly scheduled election on the first Tuesday after the first Monday in November.
8. Requires the impact of the authorization to appear on the ballot and publicity pamphlets in the same manner as an initiative to permanently adjust the EL.
9. Requires the resolution requesting the voters approve a permanent change in the Base Limit to state:
  - a. The current Base Limit used to determine the EL.
  - b. The proposed Base Limit used to determine the EL.
  - c. The increase in EL capacity generated by a change in the Base Limit for the most recent EL.
  - d. A rationale for the request to authorize a change in the Base Limit.
10. Requires an authorized change in the Base Limit to be used to determine an EL beginning in the Fiscal Year (FY) immediately following the approval by the electors.
11. Permits, as session law, community college districts to submit to EEC the average of the ten most recent audited FTSE enrollment counts until FY 2020.
12. Repeals statute relating to bookstore revenue for EL purposes.
13. Makes technical and conforming changes.

### CURRENT LAW

The Arizona State Constitution Article 9, Section 21, places expenditure limitations on community college districts. The EL is determined by adjusting the expenditures of local revenues in FY 1980 to reflect the changes in the student population of each district, defined as FTSE, and the cost of living. The EEC determines the EL annually and uses the Gross Domestic Product Deflator as the change in the cost of living. *Local revenues* are defined as all monies, revenues, funds, property and receipts received by the community college district except amounts or property received from:

- Bonds or long-term obligations.
- Payment of dividends, interest, refunds, reimbursements or other recoveries.
- Amounts received in the capacity of a trustee, custodian or agent.
- Grants or aid from the federal government or its agencies, private agencies or organizations or individuals.
- Goods or services pursuant to a contract with political subdivisions, school districts, community college district or the state.
- Tuition, fees or ad valorem taxes.

To determine state aid, FTSE is calculated pursuant to A.R.S. § 15-1466.01 by adding the number of students enrolled as of 45 days after classes begin in the fall semester to the number of students enrolled 45 days after classes begin in the spring semester, dividing that number by two and adding additional short-term and open entry, open exit FTSE enrollments and skill center

**SB 1322**

and adult basic education FTSE enrollment. OAG is annually required to audit the FTSE counts and submit the report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting by October 15.

**ADDITIONAL INFORMATION**

Laws 2015, Chapter 306, Section 10 established the Study Committee on Community College Finance and Expenditure Limits. The study committee met three times and did not adopt recommendations.

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1322

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson			✓		<del>✓</del>
Mr. Petersen			✓		
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		5	2	0	2

APPROVED:

Bob Thorpe  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

Mary Rully  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_

# ECONOMIC ESTIMATES COMMISSION

Department of Revenue Building



Douglas A. Ducey  
Governor

David Briant  
Chairman

Elliott D. Pollack  
Member

Alan E. Maguire  
Member

January 19, 2016

Community College Business Officials  
State of Arizona

## RE: Preliminary FY 2016/17 Expenditure Limits

The preliminary fiscal year 2016/17 expenditure limits for all community colleges are being supplied in accordance with Article IX, Section 21, Constitution of Arizona and A.R.S. § 41-563.

The fiscal year 1979/80 base limits have been adjusted for changes in the population and the cost of living between 1978 and 2015. The formula is shown below.

$$\frac{\text{2016/17 Population (estimate)}}{\text{1978 Population}} \times \frac{\text{GDP Implicit Price Deflator 2015}}{\text{GDP Implicit Price Deflator 1978}} \times \text{FY 1979/80 Base Limit} = \text{Preliminary FY 2016/17 Expenditure Limit}$$

Please contact Karen Jacobs in Economic Research and Analysis at (602) 716-6923 if you have any questions.

Sincerely,

ECONOMIC ESTIMATES COMMISSION

A handwritten signature in black ink, appearing to read "David Briant", written over a horizontal line.

David Briant, Chairman

Attachment 5

**PRELIMINARY FY 2016/17 EXPENDITURE LIMITS: COMMUNITY COLLEGES**

COMMUNITY COLLEGE DISTRICT	POPULATION**		POPULATION FACTOR	INFLATION FACTOR*	FY 1979/80 BASE LIMIT	PRELIMINARY FY 2016/17 EXPENDITURE LIMITATION
	2016/17	1979/80				
COCHISE	6,000	2,156	2.7829	2.9146	\$6,038,815	\$48,981,121
COCONINO	2,065	1,000	2.0650	2.9146	\$2,459,758	\$14,804,268
GILA	725	905	0.8011	2.9146	\$1,948,412	\$4,549,302
GRAHAM	3,250	1,329	2.4454	2.9146	\$4,508,230	\$32,132,088
MARICOPA	80,678	27,299	2.9553	2.9146	\$52,841,755	\$455,155,838
MOHAVE	2,750	1,033	2.6621	2.9146	\$3,163,993	\$24,549,485
NAVAJO	2,000	1,566	1.2771	2.9146	\$3,716,543	\$13,834,132
PIMA	20,000	11,038	1.8119	2.9146	\$19,071,763	\$100,717,502
PINAL	5,000	2,452	2.0392	2.9146	\$7,534,121	\$44,777,169
SANTA CRUZ	325	700	0.4643	2.9146	\$1,507,059	\$2,039,342
YAVAPAI	3,860	1,568	2.4617	2.9146	\$5,759,613	\$41,324,637
YUMA/LA PAZ	5,500	1,952	2.8176	2.9146	\$6,215,322	\$51,041,216
<b>TOTAL</b>	<b>132,153</b>	<b>52,998</b>	<b>2.4935</b>		<b>\$114,765,384</b>	<b>\$833,906,099</b>

\* SOURCE: Global Insight January 2016 - (2015 GDP Implicit Price Deflator/1978 GDP Implicit Price Deflator) = 109.821 / 37.680

\*\* FTSE counts are provided by Community College Business Officials.



# HOUSE OF REPRESENTATIVES

## SB 1040

department of administration; continuation  
Prime Sponsor: Senator Kavanagh, LD 23

---

X Committee on Government and Higher Education  
Caucus and COW  
House Engrossed

---

### OVERVIEW

SB 1040 continues the Arizona Department of Administration (ADOA) for eight years.

### PROVISIONS

1. Continues ADOA for eight years.
2. Contains a purpose statement and a retroactive clause.

### CURRENT LAW

ADOA provides centralized general support services to state agencies, including accounting, financial, purchasing, building and grounds maintenance, personnel, information technology, motor pool, travel reduction and risk management services (A.R.S. § 41-701 et al).

### ADDITIONAL INFORMATION

The Fiscal Year 2017 baseline includes 532.1 Full Time Equivalent positions and \$10,377,300 from the state General Fund. The Office of the Auditor General conducted a Sunset Review of ADOA. The Senate Government and House Government and Higher Education Committee of Reference met on December 9, 2015, and recommended an eight year continuation of ADOA.

Attachment 6

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1040

DATE March 3, 2016 MOTION: ~~DP~~ DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen		✓			
Mr. Saldate		✓			
Ms. Townsend		✓			✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		7	0	0	2

APPROVED:

*Bob Thorpe*  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

*May Reilly*  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_



# HOUSE OF REPRESENTATIVES

SB 1037

ASRS; board delegation; benefit determinations

Prime Sponsor: Senator Lesko, LD 21

---

X Committee on Government and Higher Education

Caucus and COW

House Engrossed

---

## OVERVIEW

SB 1037 permits the Arizona State Retirement System (ASRS) Board to delegate a Committee of the Board to act on its behalf as specified.

## PROVISIONS

1. Allows the ASRS Board to delegate its duty and authority to a Committee of the Board to act on its behalf for the purposes of determining the rights, benefits or obligations of any person dissatisfied with an ASRS Board determination or a decision of the Office of Administrative Hearings relating to an ASRS determination.

## CURRENT LAW

The ASRS Board may determine the rights, benefits or obligations of any person and afford any dissatisfied person with a hearing on the determination (A.R.S. § 38-714).

## ADDITIONAL INFORMATION

Any party in an appealable agency action aggrieved by a final decision may file with the ASRS Board a written motion for hearing or review of the final decision specifying the particular grounds within 30 days after the service of the decision. The ASRS Board may grant a rehearing or review of a decision for any of the following causes materially affecting the moving party's rights: 1) irregularity in the administrative proceedings of the agency or the hearing officer, or any order or abuse of discretion that deprives the moving party of a fair hearing; 2) misconduct of the ASRS Board, hearing officer or prevailing party; 3) accident or surprise that could not have been prevented by ordinary prudence; 4) newly discovered material evidence that could not, with reasonable diligence, have been discovered and produced at the original hearing; 5) excessive or insufficient penalties; 6) error in the admission or rejection of evidence or other errors of law occurring at the administrative hearing; or 7) that the decision is not justified by the evidence or is contrary to law (Arizona Administrative Code R2-8-405).

Attachment 8

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1037

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen	✓	✓			
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		7	0	0	2

APPROVED:

Bob Thorpe  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

May Kelly  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_



# HOUSE OF REPRESENTATIVES

SB 1038

ASRS; reinstatement; contribution amount

Prime Sponsor: Senator Lesko, LD 21

---

X Committee on Government and Higher Education  
Caucus and COW  
House Engrossed

---

## OVERVIEW

SB 1038 clarifies the forfeited service purchase contribution amount for a reinstated member of the Arizona State Retirement System (ASRS).

## PROVISIONS

1. Specifies that an ASRS member may redeposit the amount of contributions ASRS paid, rather than the amount of contributions the member received, at the time of the member's separation from service.

## CURRENT LAW

An active ASRS member who received a return of contributions on termination of employment and is subsequently reemployed by an ASRS employer receives credit only from the date of the member's most recent reemployment period commenced. An ASRS member may redeposit the amount of the contributions received at the time of the member's separation from service, with interest on that amount to the date of redeposit at the interest rate assumption approved by the ASRS Board for actuarial equivalency (A.R.S. § 38-742).

Attachment 10

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1038

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen		✓			
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		7	0	0	2

APPROVED:

*Bob Thorpe*  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

*May Reilly*  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_



# HOUSE OF REPRESENTATIVES

SB 1144

ASRS; contributions; adjustments  
Prime Sponsor: Senator Lesko, LD 21

---

X Committee on Government and Higher Education  
Caucus and COW  
House Engrossed

---

## OVERVIEW

SB 1144 modifies procedures relating to the return of excess contributions to employers and methods of payment for underpaid contributions by members into the Arizona State Retirement System (ASRS).

## PROVISIONS

1. Specifies that ASRS is required to return excess contributions through an employer credit or, if within one year after the date of overpayment, by check on request of the employer.
2. Stipulates ASRS must return, through an employer credit, excess contributions paid by an employer through a mistake of law.
3. Requires after-tax income payment for inactive, retired or long-term disability members who have paid less than the correct amount of contributions using a personal check, cashier's check or money order.
4. Removes language relating to the return of earnings or reduction due to losses attributed to excess contributions.
5. Stipulates that a member who previously received a return of contribution may only receive an adjustment of employer contributions or service credits for qualifying employment and compensation occurring after the member's most recent return of contributions.
6. Makes technical and conforming changes.

## CURRENT LAW

If excess contributions are paid into ASRS through a mistake of fact, ASRS is required to return those contributions to the employer if the employer requests return within one year after the date of overpayment. ASRS is prohibited from paying employer earning attributable to excess contributions but must reduce the amount returned to an employer by the amount of losses attributable to the excess contributions.

If less than the correct amount of employer or member contributions is paid into ASRS by an employer then the member is required to pay an amount equal to the amount that would have been paid in member contributions for the period in question. The member's payments must be made directly to ASRS in lump sum or installment payments or by electing to have the member's employer make the payments through a salary reduction program (A.R.S. § 38-738).

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1144

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston					✓
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen		✓			
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		6	0	0	3

APPROVED:

Bob Thorpe  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

Meg Reilly  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_



# HOUSE OF REPRESENTATIVES

SB 1151

ASRS; continuation

Prime Sponsor: Senator Lesko, LD 21

X Committee on Government and Higher Education

Caucus and COW

House Engrossed

## OVERVIEW

SB 1151 continues the Arizona State Retirement System (ASRS) for eight years.

## PROVISIONS

1. Continues ASRS for eight years.
2. Contains a purpose statement and a retroactive clause.

## CURRENT LAW

The primary intent of ASRS is to: 1) provide an incentive in the recruitment and retention of employees of the highest possible quality; 2) contribute toward providing a total compensation package generally equivalent to comparable employment in other public and private organizations in this state; 3) provide a retirement system that encourages employees to remain in service for periods of time that will provide public employers with the full benefit of the training and experience gained by the employees; 4) provide an orderly method of promoting and maintaining a high level of service to the public through an equitable separation procedure available to employees at retirement or on becoming a person with a disability; and 5) provide a base retirement benefit less than 100% of a member's post-retirement income requirements, recognizing that personal savings and social security also contribute toward total post-retirement income requirements (A.R.S. § 38-712).

The ASRS Board consists of the following nine members appointed by the Governor: 1) five ASRS members who have at least five years of administrative management experience to represent the members of ASRS; and 2) four non-ASRS members to represent the public (A.R.S. § 38-713).

## ADDITIONAL INFORMATION

The Fiscal Year 2017 baseline includes 250.9 Full Time Equivalent positions and \$25,495,000 from the State Retirement System Administration Account and the Long-Term Disability Trust Fund. The Office of the Auditor General conducted a Performance Audit and Sunset Review. The Senate Finance and House Government and Higher Education Committee of Reference met on November 18, 2015, and recommended an eight year continuation of ASRS.

Attachment 14

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1151

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen		✓			
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		7	0	0	2

APPROVED:

*Bob Thorpe*  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

*Mary Reilly*  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_



# HOUSE OF REPRESENTATIVES

SB 1152

PSPRS; EORP; CORP; continuation  
Prime Sponsor: Senator Lesko, LD 21

X Committee on Government and Higher Education

Caucus and COW

House Engrossed

## OVERVIEW

SB 1152 continues the Public Safety Personnel Retirement System (PSPRS), the Elected Officials' Retirement Plan (EORP) and the Correctional Officers Retirement Plan for eight years.

## PROVISIONS

1. Continues PSPRS, EORP, and CORP for eight years.
2. Contains a purpose statement and a retroactive clause.

## CURRENT LAW

PSPRS provides retirement, survivors, health and disability benefits to public employees who work in a public safety capacity, such as law enforcement officials and firefighters. In addition, PSPRS staff administers CORP and EORP, which provide the same benefits to specified populations at the state and local level. Laws 2013, Chapter 217 made several changes relating to the closure of EORP and created a new defined contribution plan, the Elected Officials' Defined Contribution Retirement System.

## ADDITIONAL INFORMATION

The Fiscal Year 2017 baseline includes \$5,000,000 as part of the closure of EORP from the state General Fund, and \$1,000,000 for deposit into the employer account of the Prescott Fire Department group from the state General Fund.

The Office of the Auditor General conducted a Performance Audit and Sunset Review of PSPRS. The Senate Finance and House Government and Higher Education Committee of Reference met on November 18, 2015, and recommended an eight year continuation of PSPRS, EORP and CORP.

Attachment 16

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1152

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen		✓			
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		7	0	0	2

APPROVED:

*Bob Thorpe*  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

*Mary Ruddy*  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_



# HOUSE OF REPRESENTATIVES

SB 1160

CORP; reverse deferred retirement option

Prime Sponsor: Senator Smith, LD 11

---

X Committee on Government and Higher Education

Caucus and COW

House Engrossed

---

## OVERVIEW

SB 1160 is an emergency measure that removes the repeal date of July 1, 2016, for the reverse Deferred Retirement Option Plan (DROP) program.

## PROVISIONS

1. Continues the reverse DROP program beyond the current repeal date of July 1, 2016.
2. Contains an emergency clause.
3. Makes a technical change.

## CURRENT LAW

Laws 2005, Chapter 258 established the reverse DROP program to add flexibility to the Corrections Officer Retirement Plan and provide members, who elect to participate, access to a lump sum benefit in addition to their normal monthly retirement benefit on actual retirement. Any member eligible for a normal pension who is not awarded an accidental, ordinary or total and permanent disability pension, and who has at least 24 years of credited service, or in the case of a dispatcher at least 25 years of credited service, is eligible to participate in the reverse DROP program.

A member who elects to participate must voluntarily and irrevocably: 1) designate a reverse DROP date on the first day of the calendar month immediately following a member's completion of 24 years of credited service or a date not more than 60 consecutive months before the date the member elects to participate, whichever is later; 2) agree to terminate employment on the specified date; and 3) receive benefits from the plan on termination of employment at the same time and in the same manner using the factors of credited service and average month salary in effect on the reverse DROP date.

All amounts credited to a member's reverse DROP participation account are fully vested and must be credited as follows: 1) in an amount as though accrued monthly from the reverse DROP date to the date the member elected to participate, computed in the same manner as normal retirement benefit using the factors of credited service and average month salary in effect on the reverse DROP date; and 2) in an amount as though accrued monthly that represents interest at a rate equal to the yield on a five-year treasury note as of the first day of the month (A.R.S. 38-885.01).

## ADDITIONAL INFORMATION

The reverse DROP program was originally set to repeal on June 30, 2010, and was extended to July 1, 2016 by Laws 2010, Chapter 163.

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

**ROLL CALL VOTE**

COMMITTEE ON GOVERNMENT AND HIGHER EDUCATION BILL NO. SB 1160

DATE March 3, 2016 MOTION: DP

	PASS	AYE	NAY	PRESENT	ABSENT
Ms. Alston		✓			
Mr. Larkin		✓			
Mr. Lovas					✓
Mr. Olson		✓			
Mr. Petersen		✓			
Mr. Saldate		✓			
Ms. Townsend					✓
Mr. Ackerley, Vice-Chairman		✓			
Mr. Thorpe, Chairman		✓			
		7	0	0	2

APPROVED:

*Bob Thorpe*  
 BOB THORPE, Chairman  
 J. CHRISTOPHER ACKERLEY, Vice-Chairman

*Tracy Reilly*  
 COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_

