Conference Engrossed

FILED
JANICE K. BREWER
SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

CHAPTER 352

HOUSE BILL 2873

AN ACT

AMENDING SECTIONS 15-1427 AND 15-1626, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1650; AMENDING SECTIONS 15-1661, 15-1681 AND 15-1682, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1682.02; AMENDING SECTIONS 15-1723 AND 15-1724, ARIZONA REVISED STATUTES; REPEALING SECTIONS 15-1726, 15-1727 AND 15-1728, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 9, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1755; AMENDING TITLE 15, CHAPTER 14, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1855; AMENDING SECTION 35-146, ARIZONA REVISED STATUTES; MAKING AN APPROPRIATION; RELATING TO HIGHER EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-1427, Arizona Revised Statutes, is amended to read:

15-1427. Annual report

By November 1 of each year, each community college district shall make a report for the preceding fiscal year to the governor, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES and the joint legislative budget committee and shall provide a copy of this report to the secretary of state and the director of the Arizona state library, archives and public records. The report shall ~~set forth~~ CONTAIN THE FOLLOWING INFORMATION:

1. The state of progress of the community colleges operated under this chapter. ~~,~~

2. The courses of study included in the curriculums. ~~,~~

3. The number of professors and other instructional staff members employed. ~~,~~

4. The number of students registered and attending classes. ~~,~~

5. The number of full-time equivalent students enrolled during the year. ~~,~~

6. The total number of students not residing in the district. ~~,~~

7. The amount of receipts and expenditures. ~~and~~

8. THE NUMBER, SHORT TITLE AND DESCRIPTION OF ALL CREDIT COURSES AND NONCREDIT COURSES OFFERED.

9. THE ENROLLMENT FOR EACH CREDIT AND NONCREDIT COURSE FOR EACH OF THE THREE PREVIOUS YEARS.

10. FOR CREDIT COURSES, THE FULL-TIME ENROLLMENT STUDENT EQUIVALENT FOR EACH COURSE FOR EACH OF THE THREE PREVIOUS YEARS.

11. THE TUITION FOR EACH CREDIT AND NONCREDIT COURSE.

12. THE FEES FOR EACH CREDIT AND NONCREDIT COURSE.

13. THE NUMBER OF CREDITS OFFERED FOR EACH COURSE.

14. THE PERCENTAGE OF STUDENTS ACHIEVING THE CREDITS FOR THE COURSE.

15. ANY NEW COURSES NOT OFFERED IN THE PREVIOUS YEAR.

16. ANY NEW COURSES NOT OFFERED FOR CREDIT IN EACH OF THE PREVIOUS THREE YEARS.

17. FOR CREDIT COURSES, THE PROVISIONS OF SECTION 15-1410, SUBSECTION A, PARAGRAPH 1 USED TO DETERMINE IF THE COURSE IS OFFERED FOR CREDIT.

18. Such other information as the governor and the joint legislative budget committee deem proper.

Sec. 2. Section 15-1626, Arizona Revised Statutes, is amended to read:

15-1626. General administrative powers and duties of board

A. The board shall:

1. Have and exercise the powers necessary for the effective governance and administration of the institutions under its control. To that end, the board may adopt, and authorize each university to adopt, such regulations, policies, rules or measures as are deemed necessary and may delegate in

writing to its committees, to its university presidents, or their designees, or to other entities under its control, any part of its authority for the administration and governance of such institutions, including those powers enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs 3, 4, ~~7, 8, 10 and 11~~ 8, 9, 11 AND 12 of this subsection and subsection B of this section. Any delegation of authority may be rescinded by the board at any time in whole or in part.

2. Appoint and employ and determine the compensation of presidents with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary.

3. Appoint and employ and determine the compensation of vice-presidents, deans, professors, instructors, lecturers, fellows and such other officers and employees with such power and authority and for such purposes in connection with the operation of the institutions as the board deems necessary, or delegate its authority pursuant to paragraph 1 of this subsection.

4. Remove any officer or employee when the interests of education in this state so require in accordance with its personnel rules and policies.

5. Fix tuitions and fees to be charged and differentiate the tuitions and fees between institutions and between residents, nonresidents, undergraduate students, graduate students, students from foreign countries and students who have earned credit hours in excess of the credit hour threshold~~, except students whose chosen program requires for a degree additional credit hours above the credit hour threshold~~. For the purposes of this paragraph, the UNDERGRADUATE credit hour threshold is one hundred fifty-five hours FOR STUDENTS WHO ATTEND A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD in fiscal year 2006-2007, one hundred fifty hours FOR STUDENTS WHO ATTEND A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD in fiscal year 2007-2008 and one hundred forty-five hours FOR STUDENTS WHO ATTEND A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD after fiscal year 2007-2008. THE UNDERGRADUATE CREDIT HOUR THRESHOLD SHALL BE BASED ON THE ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT COUNTED ON THE TWENTY-FIRST DAY AFTER CLASSES BEGIN FOR THE FALL SEMESTER OF 2005 AND EVERY FALL SEMESTER THEREAFTER AND ANY BUDGET ADJUSTMENT BASED ON STUDENT ENROLLMENT SHALL OCCUR IN THE FISCAL YEAR FOLLOWING THE ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT COUNT. THE UNDERGRADUATE CREDIT HOUR THRESHOLD SHALL NOT APPLY TO DEGREE PROGRAMS THAT REQUIRE CREDIT HOURS ABOVE THE CREDIT HOUR THRESHOLD, CREDITS EARNED IN THE PURSUIT OF UP TO TWO BACCALAUREATE DEGREES, CREDITS EARNED IN THE PURSUIT OF UP TO TWO STATE REGULATED LICENSURES OR CERTIFICATES, CREDITS EARNED IN THE PURSUIT OF TEACHING CERTIFICATION, CREDITS TRANSFERRED FROM A PRIVATE INSTITUTION OF HIGHER EDUCATION, CREDITS TRANSFERRED FROM AN INSTITUTION OF HIGHER EDUCATION IN ANOTHER STATE, CREDITS EARNED AT ANOTHER INSTITUTION OF HIGHER EDUCATION BUT THAT ARE NOT ACCEPTED AS TRANSFER CREDITS AT THE UNIVERSITY WHERE THE STUDENT IS CURRENTLY ENROLLED AND CREDITS EARNED BY STUDENTS WHO ENROLL AT A UNIVERSITY UNDER THE

JURISDICTION OF THE BOARD MORE THAN TWENTY-FOUR MONTHS AFTER THE END OF THAT STUDENT'S PREVIOUS ENROLLMENT AT A PUBLIC INSTITUTION OF HIGHER EDUCATION IN THIS STATE. ON OR BEFORE OCTOBER 15 OF EACH YEAR, THE BOARD SHALL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE THE NUMBER OF STUDENTS WHO WERE ENROLLED AT UNIVERSITIES UNDER THE JURISDICTION OF THE BOARD DURING THE PREVIOUS FISCAL YEAR WHO MET OR EXCEEDED THE UNDERGRADUATE CREDIT HOUR THRESHOLD PRESCRIBED IN THIS PARAGRAPH. The amount of tuition, registration fees and other revenues included in the operating budget for the university adopted by the board as prescribed in paragraph ~~12~~ 13 of this subsection shall be deposited, pursuant to sections 35-146 and 35-147. All other tuition and fee revenue shall be retained by each university for expenditure as approved by the board, EXCEPT THAT THE UNIVERSITIES SHALL NOT USE ANY TUITION OR FEE REVENUE TO FUND OR SUPPORT AN ALUMNI ASSOCIATION.

6. Except as provided in subsection H of this section, ~~the Arizona board of regents shall~~ adopt rules to govern its tuition and fee setting process that provide for the following:

(a) At least one public hearing at each university as an opportunity for students and members of the public to comment upon any proposed increase in tuition or fees.

(b) Publication of the notice of public hearing at least ten days prior to the hearing in a newspaper of general circulation in Maricopa county, Coconino county and Pima county. The notice shall include the date, time and location of the public hearing.

(c) Public disclosure by each university of any proposed increases in tuition or fees at least ten days prior to the public hearing.

(d) Final board action on changes in tuition or fees shall be taken by roll call vote.

The procedural requirements of subdivisions (a), (b), (c) and (d) apply only to those changes in tuition or fees that require board approval.

~~6.~~ 7. Pursuant to section 35-115, submit a budget request for each institution under its jurisdiction that includes the estimated tuition and fee revenue available to support the programs of the institution as described in the budget request. The estimated available tuition and fee revenue shall be based on the tuition and registration fee rates in effect at the time the budget request is submitted with adjustments for projected changes in enrollment as provided by the board.

~~7.~~ 8. Establish curriculums and designate courses at the several institutions which in its judgment will best serve the interests of this state.

~~8.~~ 9. Award such degrees and diplomas upon the completion of such courses and curriculum requirements as it deems appropriate.

~~9.~~ 10. Prescribe qualifications for admission of all students to the universities. The board shall establish policies for guaranteed admission that assure fair and equitable access to students in this state from public, private, charter and home schools. For the purpose of determining the

qualifications of honorably discharged veterans, veterans are those persons who served in the armed forces for a minimum of two years and who were previously enrolled at a university or community college in this state. No prior failing grades received by the veteran at the university or community college in this state may be considered.

~~10.~~ 11. Adopt any energy conservation standards promulgated by the department of administration for the construction of new buildings.

~~11.~~ 12. Employ for such time and purposes as the board requires attorneys whose compensation shall be fixed and paid by the board. Litigation to which the board is a party and for which self-insurance is not provided may be compromised or settled at the direction of the board.

~~12.~~ 13. Adopt annually an operating budget for each university equal to the sum of appropriated general fund monies and the amount of tuition, registration fees and other revenues approved by the board and allocated to each university operating budget.

~~13.~~ 14. In consultation with the state board of education and other education groups, develop and implement a program to award honors endorsements to be affixed to the high school diplomas of qualifying high school pupils and to be included in the transcripts of pupils who are awarded endorsements. The board shall develop application procedures and testing criteria and adopt testing instruments and procedures to administer the program. In order to receive an honors endorsement, a pupil must demonstrate an extraordinary level of knowledge, skill and competency as measured by the testing instruments adopted by the board in mathematics, English, science and social studies. Additional subjects may be added at the determination of the board. The program is voluntary for pupils.

~~14.~~ 15. Require the publisher of each literary and nonliterary textbook used in the universities of this state to furnish computer software in a standardized format when software becomes available for nonliterary textbooks, to the Arizona board of regents from which braille versions of the textbooks may be produced.

~~15.~~ 16. Require universities that provide a degree in education to require courses that are necessary to obtain a provisional structured English immersion endorsement as prescribed by the state board of education.

B. The board shall adopt personnel rules. All nonacademic employees of the universities are subject to these rules except for university presidents, university vice-presidents, university deans, legal counsel and administrative officers. The personnel rules shall be similar to the personnel rules under section 41-783. The rules shall include provisions for listing available positions with the department of economic security, competitive employment processes for applicants, probationary status for new nonacademic employees, nonprobationary status on successful completion of probation and due process protections of nonprobationary employees after discharge. The board shall provide notice of proposed rule adoption and an opportunity for public comment on all personnel rules proposed for adoption.

C. The ~~Arizona~~ board ~~of regents~~ may employ legal assistance in procuring loans for the institutions from the United States government. Fees or compensation paid for such legal assistance shall not be a claim upon the general fund of this state but shall be paid from funds of the institutions.

D. The board shall approve or disapprove any contract or agreement entered into by the university of Arizona hospital with the Arizona health facilities authority.

E. The board may adopt policies which authorize the institutions under its jurisdiction to enter into employment contracts with nontenured employees for periods of more than one year but not more than five years. The policies shall prescribe limitations on the authority of the institutions to enter into employment contracts for periods of more than one year but not more than five years, including the requirement that the board approve the contracts.

F. The board may adopt a plan or plans for employee benefits which allow for participation in a cafeteria plan that meets the requirements of the United States internal revenue code of 1986.

G. The board may establish a program for the exchange of students between the universities under the jurisdiction of the board and colleges and universities located in the state of Sonora, Mexico. Notwithstanding subsection A, paragraph 5 of this section, the program may provide for in-state tuition at the universities under the jurisdiction of the board for fifty Sonoran students in exchange for similar tuition provisions for up to fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or universities. The board may direct the universities to work in conjunction with the Arizona-Mexico commission to coordinate recruitment and admissions activities.

H. Subsection A, paragraph ~~5~~ 6, subdivisions (a), (b), (c) and (d) of this section do not apply to fee increases that are set by individual universities and that do not require approval by the Arizona board of regents before the fee increase becomes effective.

Sec. 3. Title 15, chapter 13, article 2, Arizona Revised Statutes, is amended by adding section 15-1650, to read:

15-1650. <u>Annual financial aid report</u>

A. ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE ARIZONA BOARD OF REGENTS SHALL SUBMIT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE JOINT LEGISLATIVE BUDGET COMMITTEE A FINANCIAL AID REPORT WITH INFORMATION FROM THE TWO PRIOR FISCAL YEARS. THE REPORT SHALL PROVIDE INFORMATION FOR EACH INSTITUTION UNDER THE JURISDICTION OF THE BOARD, A COMPARISON TO PEER INSTITUTIONS, AND SUMMARY INFORMATION FOR THE ENTIRE UNIVERSITY SYSTEM.

B. THE REPORT SHALL SEPARATELY DELINEATE BOTH FULL-TIME RESIDENT UNDERGRADUATE AND FULL-TIME RESIDENT GRADUATE STUDENTS.

C. FOR EACH GROUP IDENTIFIED IN SUBSECTION B, THE ANNUAL FINANCIAL AID REPORT SHALL DETAIL THE FOLLOWING:

1. COST OF ATTENDANCE, DELINEATED BY TUITION RATES, MANDATORY FEES, ROOM AND BOARD CHARGES, BOOK PURCHASES AND TRAVEL AND RELATED PERSONAL EXPENSES.

2. EXPECTED FAMILY CONTRIBUTION.

3. GIFT AID, DELINEATED BY SOURCE TYPE. SOURCE TYPES INCLUDE FEDERAL, STATE, INSTITUTIONAL AND PRIVATE.

4. LOANS, DELINEATED BY SUBSIDIZED AMOUNTS, UNSUBSIDIZED AMOUNTS AND AMOUNTS LOANED TO THE PARENTS OF STUDENTS.

5. EMPLOYMENT, DELINEATED BY PROGRAM TYPE. PROGRAM TYPES INCLUDE FEDERAL WORK-STUDY, INSTITUTIONAL WORK-STUDY, GRADUATE ASSISTANTSHIPS AND OUTSIDE WORK.

D. THE ARIZONA BOARD OF REGENTS AND THE STAFF OF THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL JOINTLY DETERMINE THE METHODOLOGY AND FORMAT OF THE REPORT.

Sec. 4. Section 15-1661, Arizona Revised Statutes, is amended to read:

15-1661. Annual appropriation; enrollment audit; expenditure; balance; salaries

A. There shall be appropriated in the general appropriation bill for each fiscal year a sum of monies not less than eighty-five one-hundredths of one mill on the dollar of the assessed valuation of all taxable property in the state for the improvement, support and maintenance of the institutions under the Arizona board of regents' jurisdiction, including payment of salaries, current expenses, purchase of equipment, making necessary repairs, construction of new buildings, purchase of lands and in general for payment of all such expenses connected with the management of the institutions under the Arizona board of regents' jurisdiction. The department of revenue, upon compiling the aggregate assessed valuation of all taxable property within this state, shall compute the amount of monies so determined and certify such amount over its seal to the department of administration and the state treasurer.

B. The full-time equivalent student enrollment reported for the previous fiscal year by each university shall be audited annually by the auditor general. The auditor general shall report the results of the audit to the staffs of the joint legislative budget committee and the governor's office of strategic planning and budgeting on or before October 15 of each year. Beginning ~~in~~ WITH THE FALL SEMESTER OF 2006, on or before THE FOLLOWING July 21 of each ACADEMIC year, each university shall provide a certified report to the auditor general of the number of full-time equivalent students calculated by the university. The university's records used to calculate full-time equivalent student enrollment shall be provided to the auditor general in an electronic format prescribed by the auditor general. Beginning in 2006, each university shall submit to the auditor general a summary of its full-time equivalent student enrollment accounting policies and procedures, compilation procedures and source records used for calculating full-time equivalent student enrollment. These accounting

policies and procedures, compilation procedures and source records shall comply with policies developed on or before June 30, 2006 by the Arizona board of regents, in consultation with the auditor general and reviewed by the joint legislative budget committee. These policies shall include A REVIEW AND RECOMMENDATIONS OF THE NECESSITY OF minimum requirements for students enrolled in classes to qualify for appropriations pursuant to this section, including requirements that the class be a for-credit course that is necessary for the completion of a degree and that the student enrolled in the course be physically present in this state at the time the course is conducted. The basic actual full-time equivalent student enrollment shall be counted on the twenty-first day after the basic actual full-time equivalent student enrollment classes begin for the fall semester, as published in the university catalogs. THE ARIZONA BOARD OF REGENTS SHALL ALSO MAKE RECOMMENDATIONS OF WHETHER EACH PROFESSOR OR INSTRUCTOR SHOULD BE REQUIRED TO REVIEW CLASS ROSTERS AND MAKE ADDITIONS OR DELETIONS AS NECESSARY. IF SO, class rosters that reflect enrollment as of the twenty-first day shall be provided by the registrar's office to each professor or instructor for every class section. The class roster shall indicate the course number, course title, time, instructor name and students enrolled. ~~Each professor or instructor is required to review the class roster and make additions or deletions as necessary.~~ On the twenty-first day class rosters, each professor or instructor shall indicate as withdrawn each student who has formally withdrawn from the course, and that student shall not be counted for state aid purposes. The official twenty-first day rosters shall include a manual signature and date or an electronic authorization and date by the professor or instructor and shall include the following certification:

> I hereby certify that the information contained in this class roster accurately reflects those students who are enrolled.

C. Students who have withdrawn or who have been withdrawn from classes as of the twenty-first day shall not be counted for state aid purposes. A record shall be maintained that identifies student withdrawals by date of withdrawal, as of the twenty-first day and after the twenty-first day for the entire semester.

D. Amounts appropriated as provided by subsection A shall be paid as other claims against this state are paid.

E. The balance of appropriations as provided by subsection A at the end of the fiscal year, if any, shall not revert to the general fund but shall be carried forward for the continued use for which appropriated.

F. Monies appropriated to a university under the jurisdiction of the Arizona board of regents for cost of living salary increases for university employees shall be used to provide cost of living salary increases to all university employees including graduate student assistants. If monies are appropriated to a university for salary increases based on merit, the monies

shall be used to provide merit increases according to the merit pay plan adopted by the Arizona board of regents.

G. The Arizona board of regents shall determine current actual full-time equivalent student enrollment at each of the institutions under the jurisdiction of the Arizona board of regents. Full-time equivalent student enrollment shall be calculated by adding the following:

1. The total number of enrolled fall semester credit hours in 100-level credit courses and 200-level credit courses divided by fifteen.

2. The total number of enrolled fall semester credit hours in 300-level credit courses and 400-level credit courses divided by twelve.

3. The total number of enrolled fall semester credit hours in graduate level credit courses divided by ten.

~~H. The legislature shall not appropriate monies supporting any student who is enrolled at an institution under the jurisdiction of the Arizona board of regents who has earned credit hours in excess of the credit hour threshold, except students whose chosen program requires for a degree additional credit hours above the credit hour threshold. For the purposes of this subsection, the credit hour threshold is one hundred fifty-five hours in fiscal year 2006-2007, one hundred fifty hours in fiscal year 2007-2008 and one hundred forty-five hours after fiscal year 2007-2008.~~

H. THE ARIZONA BOARD OF REGENTS, IN ITS ANNUAL BUDGET REQUEST, SHALL NOT INCLUDE FUNDING FOR ANY STUDENT WHO IS ENROLLED AT AN INSTITUTION UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS AND WHO HAS EARNED CREDIT HOURS IN EXCESS OF THE UNDERGRADUATE CREDIT HOUR THRESHOLD, EXCEPT THAT THE UNDERGRADUATE CREDIT HOUR THRESHOLD SHALL NOT APPLY TO STUDENTS WHO ARE ENROLLED IN A DEGREE PROGRAM THAT REQUIRES CREDIT HOURS ABOVE THE CREDIT THRESHOLD. FOR THE PURPOSES OF THIS SUBSECTION, THE UNDERGRADUATE CREDIT HOUR THRESHOLD IS ONE HUNDRED FIFTY-FIVE HOURS FOR STUDENTS WHO ATTEND A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD IN FISCAL YEAR 2006-2007, ONE HUNDRED FIFTY HOURS FOR STUDENTS WHO ATTEND A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD IN FISCAL YEAR 2007-2008 AND ONE HUNDRED FORTY-FIVE HOURS FOR STUDENTS WHO ATTEND A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD AFTER FISCAL YEAR 2007-2008. THE UNDERGRADUATE CREDIT HOUR THRESHOLD SHALL BE BASED ON THE ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT COUNTED ON THE TWENTY-FIRST DAY AFTER CLASSES BEGIN FOR THE FALL SEMESTER OF 2005 AND EVERY FALL SEMESTER THEREAFTER AND ANY BUDGET ADJUSTMENT BASED ON STUDENT ENROLLMENT SHALL OCCUR IN THE FISCAL YEAR FOLLOWING THE ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT COUNT. THE UNDERGRADUATE CREDIT HOUR THRESHOLD SHALL NOT APPLY TO CREDITS EARNED IN THE PURSUIT OF UP TO TWO BACCALAUREATE DEGREES, CREDITS EARNED IN THE PURSUIT OF UP TO TWO STATE REGULATED LICENSURES AND CERTIFICATES, CREDITS EARNED IN THE PURSUIT OF TEACHING CERTIFICATION, CREDITS TRANSFERRED FROM A PRIVATE INSTITUTION OF HIGHER EDUCATION, CREDITS TRANSFERRED FROM AN INSTITUTION OF HIGHER EDUCATION IN ANOTHER STATE, CREDITS EARNED AT ANOTHER INSTITUTION OF HIGHER EDUCATION BUT THAT ARE NOT ACCEPTED AS TRANSFER CREDITS AT THE UNIVERSITY WHERE THE STUDENT

IS CURRENTLY ENROLLED AND CREDITS EARNED BY STUDENTS WHO ENROLL AT A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD MORE THAN TWENTY-FOUR MONTHS AFTER THE END OF THAT STUDENT'S PREVIOUS ENROLLMENT AT A PUBLIC INSTITUTION OF HIGHER EDUCATION IN THIS STATE.

Sec. 5. Section 15-1681, Arizona Revised Statutes, is amended to read:

15-1681. Definitions

In this article, unless the context otherwise requires:

1. "Acquire" includes to purchase, lease, lease-purchase, erect, build, construct, reconstruct, raze, remodel, repair, replace, alter, extend, expand, better, equip, furnish, develop, improve and embellish a project, and the acquisition, preparation and development of a site or sites therefor.

2. "Board" means the Arizona board of regents or its successor.

3. "Bonds" means any bonds issued pursuant to this article.

4. "Federal agency" means the United States of America, the president of the United States of America, the department of housing and urban development or such other agency or agencies of the United States of America as may be designated or created to make loans or grants, or both.

5. "INDIRECT DEBT FINANCING" MEANS AN AGREEMENT BETWEEN THE BOARD OR AN INSTITUTION AND A NONPROFIT ORGANIZATION OR PRIVATE DEVELOPER IN WHICH THE ORGANIZATION OR DEVELOPER ISSUES BONDS OR ENTERS INTO LEASE OR LEASE-PURCHASE AGREEMENTS FOR CAPITAL PROJECTS ON THE PROPERTY OF AN INSTITUTION, CAPITAL PROJECTS INTENDED TO HOUSE ANY INSTITUTION ACTIVITIES OR CAPITAL PROJECTS IN WHICH THE BOARD OR INSTITUTION GUARANTEES REVENUES TO THE DEVELOPER OR DEBT SERVICE PAYMENTS ON BEHALF OF THE ORGANIZATION OR DEVELOPER.

~~5.~~ 6. "Institution" means the university of Arizona, Arizona state university and northern Arizona university or any other college or university under the jurisdiction and control of the board or its successor.

~~6.~~ 7. "Project" means and includes buildings, structures, areas and facilities which, as determined by the board, are required by or necessary for the use or benefit of each of such institutions, including, without limiting the generality of the foregoing, student, faculty or staff housing facilities, residence halls, dormitories and apartments; student union and recreational buildings and stadiums; other facilities for student, faculty or staff services; any facility or building leased to the United States of America; parking garages and areas; offices, classrooms, laboratories, dining halls and food service facilities, libraries, auditoriums, or parts thereof, or additions or extensions thereto; heating, lighting and other utility service facilities in connection therewith, or parts thereof, or additions or extensions thereto; whether heretofore acquired and now or hereafter used for any or all of the purposes aforesaid, or as may be hereafter acquired under this article, with all equipment and appurtenant facilities; or any one, or more than one, or all of the foregoing, or any combination thereof, for any institution, including sites therefor.

~~7.~~ 8. "System of building facilities" means such project or projects as the board by resolution shall collectively designate to be included in a system of building facilities at each institution, either:

(a) Hereafter acquired for each of such institutions under the terms of this article.

(b) Heretofore acquired for each of such institutions prior to May 17, 1974 under the terms of any other law and now located on the campus of each of such institutions, whether unencumbered by or encumbered by a pledge of and lien on the income and revenues derived from the operation thereof for the payment of any bonds theretofore issued by the board for the acquisition thereof.

(c) As provided in both subdivisions (a) and (b).

(d) Any combination of as provided in subdivisions (a), (b) and (c).

Sec. 6. Section 15-1682, Arizona Revised Statutes, is amended to read:

15-1682. Powers

The board shall have power for each institution, as defined in this article, to:

1. Acquire, if authorized by the legislature, any project or projects, or any combination thereof, and to SECURE INDIRECT DEBT FINANCING FOR OR own, operate and maintain the same and establish, own, operate and maintain a system of building facilities.

2. Acquire by purchase, contract, lease-purchase, lease or gift, and hold or dispose of, real or personal property or rights or interest therein.

3. Accept grants, subsidies or loans of monies from a federal agency, or others, upon such terms and conditions as may be imposed, and to pledge the proceeds of grants, subsidies or loans of monies received or to be received from the United States of America or any agency or instrumentality thereof, or others, pursuant to agreements entered into between such board and the United States of America, or any agency or instrumentality thereof, or others.

4. Borrow monies and issue bonds to acquire any one project, or more than one, or any combination thereof, if authorized by the legislature, and to refund bonds heretofore or hereafter issued to acquire any project or projects, or to refund any such refunding bonds, or for any one, or more than one, or all of such purposes, or any combination thereof, and to provide for the security and payment of such bonds and for the rights of the holders thereof.

5. Make contracts and leases and execute all instruments and perform all acts and do all things necessary or convenient to carry out the powers granted in this article.

6. Retain in its treasury:

(a) All monies received from the sale of all bonds issued under this article.

(b) All fees, tuitions, rentals and other charges from students, faculty, staff members and others using or being served by, or having the right to use or the right to be served by, or to operate, any project.

(c) All fees for student activities~~,~~ AND student services and all other fees, tuitions and charges collected from students matriculated, registered or otherwise enrolled at and attending each institution pledged under the terms of any resolution authorizing bonds pursuant to this article.

(d) All rentals from any facility or building leased to the United States of America.

Sec. 7. Title 15, chapter 13, article 5, Arizona Revised Statutes, is amended by adding section 15-1682.02, to read:

15-1682.02. Indirect debt financing

THE BOARD MAY SECURE INDIRECT DEBT FINANCING FOR ANY PROJECT IF THE FOLLOWING CONDITIONS ARE MET:

1. THE TERM OF THE INDIRECT DEBT FINANCING DOES NOT EXCEED THE EARLIER OF FORTY YEARS OR THE USEFUL LIFE OF THE CAPITAL IMPROVEMENTS.

2. THE PROJECT FOR WHICH INDIRECT DEBT FINANCING IS SECURED IS REVIEWED BY THE JOINT COMMITTEE ON CAPITAL REVIEW. PRIVATE ENTITIES ARE NOT REQUIRED TO DIVULGE PROPRIETARY INFORMATION TO THE COMMITTEE FOR REVIEW.

Sec. 8. Section 15-1723, Arizona Revised Statutes, is amended to read:

15-1723. Medical student loans; amount; qualifications; requirements

A. The board may grant loans from the medical student loan fund established by section 15-1725 to defray the expenses of the medical education of those students at a public or private school of medicine in this state who intend to enter and complete a residency program approved by the accreditation council for graduate medical education or by the American osteopathic association ~~to become board certified in family practice, general pediatrics, obstetrics and gynecology, general internal medicine, or combined medicine and pediatrics~~ and who are deemed qualified by the board to receive such loans. Loans shall be granted upon such terms and conditions as may be imposed by the board AND SHALL BE DISTRIBUTED ON A FIRST-COME, FIRST-SERVED BASIS. One of the qualifications shall be Arizona residency, which shall be determined according to the same criteria prescribed for in-state student status in section 15-1802. ~~The board may grant forty loans each year.~~ AT LEAST FIFTY PER CENT OF THE MONIES SHALL BE APPORTIONED FOR STUDENTS ATTENDING PRIVATE MEDICAL SCHOOLS.

B. The loans granted by the board shall provide for each student tuition plus a living allowance. Beginning in ~~2003-2004~~ 2006-2007 and continuing each year thereafter, the living allowance shall be no more than ~~sixteen~~ TWENTY thousand dollars for each student per year adjusted by the percentage change in the GDP price deflator from the second preceding calendar year to the calendar year immediately preceding the current year.

C. The board shall make a full and careful investigation of the ability, character and qualification of each applicant through a written

application and interview process and determine the applicant's fitness to become a loan recipient. The investigation of each applicant shall include an examination of the ability of the applicant to pay the expenses of a medical education. The board shall give preference to qualified applicants ~~who are unable to pay the expenses of obtaining a medical education and to qualified applicants~~ WHO DEMONSTRATE A STRONG COMMITMENT TO SEEK A RESIDENCY PROGRAM IN THIS STATE, WHO INTEND TO BECOME BOARD CERTIFIED IN FAMILY PRACTICE, GENERAL PEDIATRICS, OBSTETRICS AND GYNECOLOGY, GENERAL INTERNAL MEDICINE OR COMBINED MEDICINE AND PEDIATRICS OR ANY OTHER SPECIALTY APPROVED BY THE BOARD AND who demonstrate a commitment to PRACTICE MEDICINE IN THIS STATE AND TO serve in an area listed in subsection E of this section.

D. The services to be performed are service to the state by practicing general practice~~, family practice, general pediatrics, combined medicine and pediatrics, obstetrics and gynecology, or general internal medicine~~ OR ANY SPECIALTY APPROVED BY THE BOARD in an area listed in subsection E of this section. SERVICE BY PRACTICING ANOTHER SPECIALTY OF RECOGNIZED NEED IN THIS STATE SHALL BE ALLOWED ONLY FOLLOWING WRITTEN APPROVAL BY THE BOARD. The service location is subject to approval by the board.

E. The board may approve service in any of the following locations:

1. A rural and medically underserved area of this state.
2. A medically underserved area of this state.
3. A medically underserved population of this state.
4. Any Indian reservation that is located in this state.

F. The board may specify an area listed in subsection E of this section in the student's contract to permit the student to seek employment in that area as a physician. After the area is specified by the board, that area shall be designated in the student's subsequent contracts as an approved area and as an approved service location.

G. The board shall collect and maintain data on the retention of doctors who practice in an area listed in subsection E of this section. The board shall collect this data for at least ten years after each loan recipient completes the recipient's service commitment.

H. Private schools of medicine shall reimburse the university of Arizona for any administrative costs related to the processing of loans for students at private schools of medicine pursuant to subsection A of this section.

Sec. 9. Section 15-1724, Arizona Revised Statutes, is amended to read:

15-1724. <u>Medical student loans; interest; obligations; penalty; authority of attorney general</u>

A. Each applicant who is approved for a loan by the board may be granted a loan for a period of up to five years.

B. The loans shall bear interest at the rate of seven per cent per year.

C. Each loan shall be evidenced by a contract between the student and the board, acting on behalf of this state. The contract shall provide for

the payment by the state of a stated sum or sums defraying the costs of a medical education at a public or private school of medicine in this state and shall be conditioned upon the contractual agreement by the recipient of such loan to complete the service required by section 15-1723. The contract shall provide that the recipient serving as a physician in an area listed in section 15-1723, subsection E may receive compensation from the board for such service and other services designated in the contract. ~~which~~ THIS compensation shall be credited against amounts due under the loan and shall not exceed the amount of the loan and any interest accrued on the loan. Such service shall be full time as determined by the board and shall be for two years or one year of service for each year of loan support, whichever is longer. A loan and the interest accrued thereon may be fully paid with compensation received for services as required by the contract or at the option of the recipient by payment of all monies, interest and penalties for failure to fulfill the contract.

D. A loan recipient shall begin the service for which the recipient contracted as a condition of the loan within three years of completion of the recipient's undergraduate medical education unless extended to four years by the board OR WITHIN THREE MONTHS OF FINISHING OR LEAVING A RESIDENCY PROGRAM. A recipient who is ordered into military service or for other cause beyond the recipient's control deemed sufficient by the board is unable to commence the required service within three years of such graduation shall begin service within one year after completing military service or the termination of such other cause.

E. If a recipient decides not to fulfill the conditions of the contract by serving in an area listed in section 15-1723, subsection E, the contract shall provide that the recipient shall be required to repay the full amount borrowed, including tuition, at the seven per cent interest rate plus a penalty for liquidated damages in an amount equivalent to the full amount borrowed, including tuition, less the amount credited for time actually served in a site approved by the board, to be calculated on a prorated monthly basis. The board for good reason may provide for extensions of the period of repayment specified in the loan recipient's contract. The board may waive the payment of principal, interest and liquidated damages if it determines that death or permanent physical disability accounts for the recipient's failure to fulfill the contract.

F. If a recipient withdraws or is dismissed from medical school, the recipient shall be required to repay the loan to the board with interest with no penalty within one year of withdrawal. The board may for good reason provide for extensions on the period of repayment.

G. On receipt of supporting documentation, the board for good cause shown may defer the ~~loan~~ recipient's service or payment obligation or may enter into repayment arrangements with the ~~loan~~ recipient or allow service that is equivalent to full-time service if the board determines that this action is justified after a review of the individual's circumstances. AT THE

DISCRETION OF THE BOARD, THE BOARD MAY ALLOW SERVICE BY PRACTICING ANOTHER SPECIALTY OF RECOGNIZED NEED IN THIS STATE THAT IS NOT SPECIFIED IN THE STUDENT'S CONTRACT, BUT ONLY FOLLOWING PRIOR WRITTEN APPROVAL BY THE BOARD.

H. The attorney general may commence whatever actions are necessary to enforce the contract and achieve repayment of loans provided by the board pursuant to this article.

Sec. 10. Repeal

Sections 15-1726, 15-1727 and 15-1728, Arizona Revised Statutes, are repealed.

Sec. 11. Title 15, chapter 13, article 9, Arizona Revised Statutes, is amended by adding section 15-1755, to read:

15-1755. Clinical rotations

A PUBLIC OR PRIVATE MEDICAL SCHOOL IN THIS STATE SHALL NOT PROHIBIT A HOSPITAL FROM ENTERING INTO AN AGREEMENT TO PROVIDE STUDENT CLINICAL ROTATIONS TO QUALIFIED OSTEOPATHIC OR ALLOPATHIC MEDICAL STUDENTS.

Sec. 12. Title 15, chapter 14, article 5, Arizona Revised Statutes, is amended by adding section 15-1855, to read:

15-1855. Postsecondary education grant program; fund; program termination; definition

A. THE COMMISSION ON POSTSECONDARY EDUCATION SHALL DEVELOP, IMPLEMENT AND ADMINISTER A POSTSECONDARY EDUCATION GRANT PROGRAM. THE COMMISSION SHALL DEVELOP APPLICATION FORMS, PROCEDURES AND DEADLINES AND SHALL SELECT ELIGIBLE STUDENTS EACH YEAR FOR PARTICIPATION IN THE POSTSECONDARY EDUCATION GRANT PROGRAM. THE COMMISSION MAY ESTABLISH PARTNERSHIPS WITH QUALIFYING SCHOOLS FOR THE ADMINISTRATION OF THE POSTSECONDARY EDUCATION GRANT PROGRAM. PARTICIPATING FULL-TIME STUDENTS SHALL RECEIVE A GRANT IN AN AMOUNT OF TWO THOUSAND DOLLARS ANNUALLY TO BE USED TO PAY ALL OR A PORTION OF THE TUITION, BOOKS AND FEES CHARGED AT A QUALIFYING SCHOOL FOR A MAXIMUM OF FOUR CALENDAR YEARS. THE AMOUNT OF A GRANT AWARDED TO A PARTICIPATING PART-TIME STUDENT ENROLLED IN AT LEAST SIX CREDIT HOURS SHALL BE PRORATED IN ACCORDANCE WITH THE PART-TIME STATUS OF THE STUDENT. A STUDENT WHO HAS OBTAINED A SUFFICIENT NUMBER OF ACADEMIC CREDITS TO GRADUATE WITH A BACCALAUREATE DEGREE FROM THE QUALIFYING SCHOOL IS NO LONGER ELIGIBLE TO RECEIVE POSTSECONDARY EDUCATION GRANT MONIES PURSUANT TO THIS SECTION.

B. STUDENTS WHO PROVIDE SATISFACTORY PROOF TO THE COMMISSION THAT THE STUDENT HAS MET EACH OF THE FOLLOWING CRITERIA ARE ELIGIBLE TO SUBMIT AN APPLICATION FOR CONSIDERATION BY THE COMMISSION FOR A GRANT UNDER THE POSTSECONDARY EDUCATION GRANT PROGRAM:

1. THE STUDENT HAS GRADUATED FROM A PUBLIC OR PRIVATE HIGH SCHOOL IN THIS STATE, HAS COMPLETED THE EQUIVALENT OF GRADE TWELVE IN A HOME SCHOOL PROGRAM OR HAS OBTAINED A GENERAL EQUIVALENCY DIPLOMA IN THIS STATE.

2. THE STUDENT HAS MET THE QUALIFICATIONS ADOPTED BY THE COMMISSION. THE COMMISSION SHALL ADOPT MINIMUM QUALIFICATIONS THAT ARE COMPARABLE TO THE ADMISSIONS STANDARDS ESTABLISHED BY THE ARIZONA BOARD OF REGENTS FOR ARIZONA PUBLIC UNIVERSITIES.

3. THE STUDENT REGISTERS FOR ENROLLMENT AS A STUDENT IN A BACCALAUREATE PROGRAM AT A NATIONALLY OR REGIONALLY ACCREDITED PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTION IN THIS STATE THAT AWARDS FOUR YEAR BACCALAUREATE DEGREES.

4. THE STUDENT IS CURRENTLY A RESIDENT OF THIS STATE AND HAS BEEN A RESIDENT OF THIS STATE FOR AT LEAST THE PAST FIVE CONSECUTIVE YEARS.

5. THE STUDENT HAS COMPLETED AND SUBMITTED A FREE APPLICATION FOR FEDERAL STUDENT AID.

6. THE STUDENT IS A CITIZEN OR LEGAL RESIDENT OF THE UNITED STATES, OR IS OTHERWISE LAWFULLY PRESENT IN THE UNITED STATES.

C. THE POSTSECONDARY EDUCATION GRANT FUND IS ESTABLISHED CONSISTING OF LEGISLATIVE APPROPRIATIONS. THE COMMISSION SHALL ADMINISTER THE FUND. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS. THE COMMISSION SHALL MAKE AWARDS FOR PAYMENT OF TUITION AT QUALIFYING SCHOOLS TO STUDENTS WHO ARE SELECTED TO PARTICIPATE IN THE POSTSECONDARY EDUCATION GRANT PROGRAM PURSUANT TO SUBSECTION A OF THIS SECTION.

D. IF THE AMOUNT OF MONIES AVAILABLE FOR POSTSECONDARY EDUCATION GRANTS IN ANY FISCAL YEAR IS INSUFFICIENT TO PROVIDE GRANTS TO ALL ELIGIBLE APPLICANTS, THE COMMISSION SHALL AWARD GRANTS TO ELIGIBLE STUDENTS IN THE ORDER IN WHICH THE APPLICATIONS WERE RECEIVED BY THE COMMISSION, EXCEPT THAT PRIORITY SHALL BE GIVEN TO QUALIFYING STUDENTS WHO RECEIVED A GRANT IN THE PREVIOUS FISCAL YEAR AND WHO ARE STILL IN GOOD ACADEMIC STANDING AT THE SAME QUALIFYING SCHOOL. THE COMMISSION SHALL MAINTAIN A WAITING LIST FOR ALL OTHER APPLICANTS.

E. A STUDENT WHO FAILS TO RECEIVE A BACCALAUREATE DEGREE WITHIN A FIVE YEAR PERIOD OF RECEIPT OF THE PROGRAM AWARD SHALL REIMBURSE THE POSTSECONDARY EDUCATION GRANT FUND FOR ALL AWARDS RECEIVED PURSUANT TO SUBSECTION A OF THIS SECTION.

F. THE COMMISSION SHALL SUBMIT AN ANNUAL REPORT TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE JOINT LEGISLATIVE BUDGET COMMITTEE THAT INCLUDES A DETAILED DESCRIPTION OF THE AMOUNT OF MONIES DISTRIBUTED UNDER THE POSTSECONDARY EDUCATION GRANT PROGRAM DURING THE PREVIOUS FISCAL YEAR AND THAT INCLUDES THE TOTAL NUMBER OF QUALIFIED APPLICANTS FOR GRANTS, THE TOTAL NUMBER OF GRANTS AWARDED, THE QUALIFYING SCHOOLS ATTENDED BY GRANT RECIPIENTS AND THE TOTAL NUMBER OF QUALIFIED APPLICANTS WHO WERE PLACED ON THE WAITING LIST. THE COMMISSION SHALL PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

G. IF THE COMMISSION IS NOTIFIED BY A QUALIFYING SCHOOL THAT A STUDENT WHO HAS RECEIVED A POSTSECONDARY EDUCATION GRANT IS NO LONGER IN GOOD ACADEMIC STANDING AT THE QUALIFYING SCHOOL, THE COMMISSION SHALL IMMEDIATELY DISCONTINUE THE GRANT AND THE STUDENT SHALL REIMBURSE THE POSTSECONDARY EDUCATION GRANT FUND FOR ANY UNUSED PORTION OR ANY UNLAWFULLY USED PORTION OF A GRANT RECEIVED PURSUANT TO SUBSECTION A OF THIS SECTION.

H. THE COMMISSION SHALL DEVELOP A MARKETING STRATEGY THAT IS DESIGNED TO PROVIDE INFORMATION ABOUT THE POSTSECONDARY EDUCATION GRANT PROGRAM TO ALL HIGH SCHOOL STUDENTS IN THIS STATE.

I. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2016 PURSUANT TO SECTION 41-3102.

J. FOR THE PURPOSES OF THIS SECTION, "QUALIFYING SCHOOL" MEANS A NATIONALLY OR REGIONALLY ACCREDITED PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTION IN THIS STATE THAT OFFERS FOUR YEAR BACCALAUREATE DEGREES.

Sec. 13. Section 35-146, Arizona Revised Statutes, is amended to read:

35-146. Deposit of receipts by budget units

A. All monies received by any officer or employee of any budget unit shall be promptly remitted to the state treasurer and no monies shall be held, used or deposited in any personal or special bank account temporarily or otherwise by any agent or employee except as expressly provided by this chapter.

B. All monies received by the state treasurer shall be credited to the state general fund, unless otherwise prescribed by law.

C. Upon receipt, the amount of tuition, registration fees and other revenues included in the operating budget adopted by the board for each university as prescribed in section 15-1626, subsection A, paragraph ~~12,~~ 13 shall be promptly remitted to the state treasurer.

Sec. 14. Arizona board of regents; enrollment counting day report

On or before December 1, 2006, the Arizona board of regents shall submit a report to the joint legislative budget committee and the governor's office of strategic planning and budgeting on the full-time equivalent student enrollment, delineated by individual grade levels, as of the twenty-first day and forty-fifth day of the fall, 2006 semester at each university. The Arizona board of regents shall submit a similar report for the spring, 2007 semester on or before April 15, 2007.

Sec. 15. Arizona board of regents; downtown Phoenix campus plan review

On or before October 1, 2006, the Arizona board of regents shall submit for review to the joint legislative budget committee its operational and capital plans for the Arizona state university downtown Phoenix campus. These plans shall include at least the following:

1. Detail on expenditures to date by the Arizona board of regents, its institutions and its partners.

2. Detailed five-year operational and capital budgets, including information on the expected sources of all monies.

3. A five-year description of enrollment, capacity growth and graduation expectations by subject area.

4. A twenty-year financing plan detailing each funding source, including options to maximize resources and to partner with private entities. Funding sources may include federal grants monies, private donations and contributions from other public entities.

5. All partners involved in the downtown Phoenix campus project, their roles and an organizational chart.

6. The contributions and financing arrangements of all partners contributing to the capital plan, as well as the legal and financial relationships of the Arizona board of regents and its institutions to these partners.

Sec. 16. Public notice of employment openings; higher education institutions

Every public institution of higher education within the state shall publicly post notices of all its employment openings for fiscal year 2006-2007. The notices shall contain the title and description, instructions for applying and relevant contact information.

Sec. 17. Joint study committee on medical school education; members; duties; report

A. The joint study committee on medical school education is established consisting of the following members:

1. Two members of the senate who are appointed by the president of the senate, each of whom is from a different political party.

2. Two members of the house of representatives who are appointed by the speaker of the house of representatives, each of whom is from a different political party.

3. One licensed doctor of osteopathy who is qualified in graduate medical education and who is appointed by the speaker of the house of representatives.

4. One licensed medical doctor who is qualified in graduate medical education and who is appointed by the president of the senate.

5. One member of a special health care district board who is a chairperson of a committee on professional practices or a committee of public policy and who is appointed by the speaker of the house of representatives.

6. Two members who have been residents of Maricopa county for at least ten years, one of whom is appointed by the president of the senate and one of whom is appointed by the speaker of the house of representatives.

B. The joint study committee may use the expertise and services of legislative staff and may enter into consulting contracts.

C. The joint study committee shall:

1. Study the medical needs of the communities of this state as those needs relate to special health districts, clinical facilities and coordination with existing medical training facilities.

2. Review the availability and effectiveness of residency programs in attracting medical students to practice in this state.

3. Review the availability of clinical rotations for allopathic and osteopathic medical students in this state.

4. On or before December 1, 2006, submit a report that summarizes the joint study committee's findings and conclusions to the governor, the president of the senate and the speaker of the house of representatives. The joint study committee shall provide copies of the report to the secretary of state and the director of the Arizona state library, archives and public records.

Sec. 18. Delayed repeal

Section 17 of this act, relating to the joint study committee on medical school education, is repealed from and after December 31, 2006.

Sec. 19. Saving clause

A. The repeal of sections 15-1726, 15-1727 and 15-1728, Arizona Revised Statutes, by this act, does not affect any contractual rights, contractual obligations or contractual duties of the board of medical student loans or the recipients of medical student scholarships that were in existence before the effective date of this act pursuant to the medical student scholarship program established by Laws 2005, chapter 330, sections 9 and 11. The recipient of a medical student scholarship shall not incur additional service designated in section 15-1724, subsection C, Arizona Revised Statutes, as a result of having received scholarship funding before the effective date of this act and loan funding on or after the effective date of this act.

B. Notwithstanding the repeal of sections 15-1726, 15-1727 and 15-1728, Arizona Revised Statutes, by this act, the board of medical student loans may distribute a portion of the monies appropriated in fiscal year 2006-2007 and in any subsequent fiscal years for medical student loans pursuant to title 15, chapter 13, article 7, Arizona Revised Statutes, to the persons who were awarded medical student scholarships before the effective date of this act for the duration of the contracts entered into between the board of medical student loans and the recipients of medical student scholarships awarded pursuant to Laws 2005, chapter 330, sections 9 and 11.

Sec. 20. Transfer of fund monies

On the effective date of this act, all monies remaining in the medical student scholarship fund established by section 15-1728, Arizona Revised Statutes, are transferred to the medical student loan fund established by section 15-1725, Arizona Revised Statutes, and may be distributed from the medical student loan fund to persons who were awarded medical student scholarships before the effective date of this act for the duration of the contracts entered into between the board of medical student loans and the recipients of medical student scholarships awarded pursuant to Laws 2005, chapter 330, sections 9 and 11.

Sec. 21. Appropriation; purpose; exemption

A. The sum of $5,000,000 is appropriated from the state general fund in fiscal year 2006-2007 to the commission for postsecondary education for deposit in the postsecondary education grant fund established by section 15-1855, Arizona Revised Statutes, as added by this act.

B. Of the amount appropriated in subsection A of this section to the commission for postsecondary education, up to $200,000 for up to three full-time equivalent positions may be allocated for the administration of the postsecondary education grant program established by section 15-1855, Arizona Revised Statutes, as added by this act.

C. The appropriation made in subsection A of this section is exempt from the provisions of section 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

Sec. 22. Gila provisional community college; reimbursement

A. Of the amount appropriated to the Gila provisional community college district for operating state aid pursuant to section 15-1466, Arizona Revised Statutes, the district shall annually pay, from fiscal year 2006-2007 to fiscal year 2011-2012, $72,364 to the state treasurer to reimburse the state for the prior distribution of workforce development funding pursuant to section 42-5029, Arizona Revised Statutes.

B. The state treasurer shall deposit the monies received pursuant to subsection A of this section in the classroom site fund established by section 15-977, Arizona Revised Statutes.

APPROVED BY THE GOVERNOR JUNE 21, 2006.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 21, 2006.