

Senate Engrossed

**FILED**

**KEN BENNETT  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-ninth Legislature  
First Special Session  
2009

CHAPTER 6

# **SENATE BILL 1006**

AN ACT

AMENDING SECTIONS 15-1661 AND 15-1682.03, ARIZONA REVISED STATUTES; AMENDING LAWS 2008, CHAPTER 287, SECTION 39; RELATING TO KINDERGARTEN THROUGH HIGHER EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1661, Arizona Revised Statutes, is amended to  
3 read:

4 15-1661. Annual appropriation; enrollment audit; expenditure;  
5 balance; salaries

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

19 B. The full-time equivalent student enrollment reported for the  
20 previous fiscal year by each university shall be audited annually by the  
21 auditor general. The auditor general shall report the results of the audit  
22 to the staffs of the joint legislative budget committee and the governor's  
23 office of strategic planning and budgeting on or before October 15 of each  
24 year. Beginning with the fall semester of 2006, on or before the following  
25 July 21 of each academic year, each university shall provide a certified  
26 report to the auditor general of the number of full-time equivalent students  
27 calculated by the university. The university's records used to calculate  
28 full-time equivalent student enrollment shall be provided to the auditor  
29 general in an electronic format prescribed by the auditor general. Beginning  
30 in 2006, each university shall submit to the auditor general a summary of its  
31 full-time equivalent student enrollment accounting policies and procedures,  
32 compilation procedures and source records used for calculating full-time  
33 equivalent student enrollment. These accounting policies and procedures,  
34 compilation procedures and source records shall comply with policies  
35 developed on or before June 30, 2006 by the Arizona board of regents, in  
36 consultation with the auditor general and reviewed by the joint legislative  
37 budget committee. These policies shall include a review and recommendations  
38 of the necessity of minimum requirements for students enrolled in classes to  
39 qualify for appropriations pursuant to this section, including requirements  
40 that the class be a for-credit course that is necessary for the completion of  
41 a degree and that the student enrolled in the course be physically present in  
42 this state at the time the course is conducted. The basic actual full-time  
43 equivalent student enrollment shall be counted on the ~~twenty-first~~  
44 FORTY-FIFTH day after the basic actual full-time equivalent student  
45 enrollment classes begin for the fall ~~semester~~ AND SPRING SEMESTERS, as

1 published in the university catalogs, AND DIVIDED BY TWO. The Arizona board  
2 of regents shall also make recommendations of whether each professor or  
3 instructor should be required to review class rosters and make additions or  
4 deletions as necessary. If so, class rosters that reflect enrollment as of  
5 the ~~twenty-first~~ FORTY-FIFTH day shall be provided by the registrar's office  
6 to each professor or instructor for every class section. The class roster  
7 shall indicate the course number, course title, time, instructor name and  
8 students enrolled. On the ~~twenty-first~~ FORTY-FIFTH day class rosters, each  
9 professor or instructor shall indicate as withdrawn each student who has  
10 formally withdrawn from the course, and that student shall not be counted for  
11 state aid purposes. The official ~~twenty-first~~ FORTY-FIFTH day rosters shall  
12 include a manual signature and date or an electronic authorization and date  
13 by the professor or instructor and shall include the following certification:

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

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

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

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

27 F. Monies appropriated to a university under the jurisdiction of the  
28 Arizona board of regents for cost of living salary increases for university  
29 employees shall be used to provide cost of living salary increases to all  
30 university employees including graduate student assistants. If monies are  
31 appropriated to a university for salary increases based on merit, the monies  
32 shall be used to provide merit increases according to the merit pay plan  
33 adopted by the Arizona board of regents.

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

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

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

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

44 H. The Arizona board of regents, in its annual budget request, shall  
45 not include funding for any student who is enrolled at an institution under

1 the jurisdiction of the Arizona board of regents and who has earned credit  
2 hours in excess of the undergraduate credit hour threshold, except that the  
3 undergraduate credit hour threshold shall not apply to students who are  
4 enrolled in a degree program that requires credit hours above the credit  
5 threshold. For the purposes of this subsection, the undergraduate credit  
6 hour threshold is one hundred fifty-five hours for students who attend a  
7 university under the jurisdiction of the board in fiscal year 2006-2007, one  
8 hundred fifty hours for students who attend a university under the  
9 jurisdiction of the board in fiscal year 2007-2008 and one hundred forty-five  
10 hours for students who attend a university under the jurisdiction of the  
11 board after fiscal year 2007-2008. The undergraduate credit hour threshold  
12 shall be based on the actual full-time equivalent student enrollment counted  
13 on the ~~twenty-first~~ FORTY-FIFTH day after classes begin for the ~~fall-semester~~  
14 ~~of 2005 and every fall semester thereafter~~ AND SPRING SEMESTERS and any  
15 budget adjustment based on student enrollment shall occur in the fiscal year  
16 following the actual full-time equivalent student enrollment count. The  
17 undergraduate credit hour threshold shall not apply to credits earned in the  
18 pursuit of up to two baccalaureate degrees, credits earned in the pursuit of  
19 up to two state regulated licensures and certificates, credits earned in the  
20 pursuit of teaching certification, credits transferred from a private  
21 institution of higher education, credits transferred from an institution of  
22 higher education in another state, credits earned at another institution of  
23 higher education but that are not accepted as transfer credits at the  
24 university where the student is currently enrolled and credits earned by  
25 students who enroll at a university under the jurisdiction of the board more  
26 than twenty-four months after the end of that student's previous enrollment  
27 at a public institution of higher education in this state.

28 Sec. 2. Section 15-1682.03, Arizona Revised Statutes, is amended to  
29 read:

30 15-1682.03. University capital improvement lease-to-own and  
31 bond fund; lease-to-own and bond capital  
32 improvement agreements

33 A. The university capital improvement lease-to-own and bond fund is  
34 established consisting of the monies provided by the Arizona board of regents  
35 pursuant to this section, monies deposited pursuant to section 5-522 and  
36 monies appropriated by the legislature. The board shall administer the fund.  
37 On notice from the board, the state treasurer shall invest and divest monies  
38 in the fund as provided by section 35-313, and monies earned from investment  
39 shall be credited to the fund. Monies in the fund are exempt from the  
40 provisions of section 35-190 relating to lapsing of appropriations.

41 B. Through revenues of the state university system, the board shall  
42 annually provide monies to the fund of at least twenty per cent of the  
43 aggregate annual payments of lease-to-own and bond agreements entered into by  
44 the board pursuant to this section.

1 C. The board shall distribute monies in the fund to make payments  
2 pursuant to lease-to-own and bond agreements entered into by the board  
3 pursuant to this section. The board may enter into lease-to-own and bond  
4 agreements for the purposes of building renewal projects and new facilities.  
5 New lease-to-own and bond agreements entered into pursuant to this section  
6 shall not exceed ~~two hundred eighty five million~~ ONE HUNDRED SIXTY-SEVEN  
7 MILLION SIX HUNDRED SEVENTY-ONE THOUSAND TWO HUNDRED dollars in fiscal year  
8 2008-2009 and ~~five hundred million~~ FOUR HUNDRED MILLION dollars in fiscal  
9 year 2009-2010. The board may enter into lease-to-own and bond transactions  
10 up to a maximum of ~~one billion~~ EIGHT HUNDRED MILLION dollars.

11 Sec. 3. Laws 2008, chapter 287, section 39 is amended to read:

12 Sec. 39. University of Arizona Phoenix biomedical campus

13 Of the maximum of ~~one billion~~ EIGHT HUNDRED MILLION dollars in  
14 lease-to-own and bond agreements authorized under section 15-1682.03, Arizona  
15 Revised Statutes, as added AMENDED by this act, the Arizona board of regents  
16 shall allocate ~~\$470,000,000~~ \$376,000,000 in bond proceeds to the construction  
17 of the university of Arizona Phoenix biomedical campus.

18 Sec. 4. Distribution of lottery revenues to state general fund  
19 in fiscal year 2009-2010

20 In addition to other distributions prescribed by law, of the monies  
21 remaining in the state lottery fund in fiscal year 2009-2010 after  
22 appropriations and deposits authorized in section 5-522, subsections A  
23 through G, Arizona Revised Statutes, a total of at least \$57,000,000 shall be  
24 deposited in the state general fund.

25 Sec. 5. Basic state aid and base support level for school  
26 districts; reductions for fiscal year 2008-2009

27 A. For fiscal year 2008-2009, the department of education shall reduce  
28 by \$98,198,000 the amount of base support level funding that otherwise would  
29 be apportioned to school districts statewide for fiscal year 2008-2009 and  
30 shall reduce school district budget limits accordingly. The funding  
31 reductions required under this subsection shall be made on a proportional  
32 basis based on the base support level of each school district for fiscal year  
33 2008-2009, as prescribed in section 15-943, Arizona Revised Statutes,  
34 relative to the base support level for school districts for the state as a  
35 whole for fiscal year 2008-2009.

36 B. For fiscal year 2008-2009, the department of education shall reduce  
37 the base support level, as prescribed in section 15-943, Arizona Revised  
38 Statutes, for a school district that is not eligible to receive basic state  
39 aid funding for fiscal year 2008-2009 by the amount that that school  
40 district's basic state aid funding would be reduced pursuant to subsection A  
41 of this section if the school district was eligible to receive basic state  
42 aid funding for fiscal year 2008-2009.

1 C. The funding reductions required in subsections A and B of this  
2 section apply to funding for students in school district technology assisted  
3 project-based instruction programs authorized in section 15-808, Arizona  
4 Revised Statutes, and to funding for pupils in joint technological education  
5 districts authorized by title 15, chapter 3, article 6, Arizona Revised  
6 Statutes and are in addition to the reductions prescribed by Laws 2008,  
7 chapter 287, section 47.

8 D. The reductions prescribed in subsections A and B of this section do  
9 not apply to base support level funding for kindergarten programs and grades  
10 one through eight for a school district that has a student count of fewer  
11 than six hundred students in kindergarten and grades one through eight.

12 E. The reductions prescribed in subsections A and B of this section do  
13 not apply to base support level funding for grades nine through twelve for a  
14 school district that has a student count of fewer than six hundred students  
15 in grades nine through twelve.

16 F. To the extent possible, the base support level reductions required  
17 by this section shall be taken against administrative costs, rather than  
18 classroom instruction.

19 G. Notwithstanding subsections A and B of this section, adjustments to  
20 school district budget limits required by subsections A and B of this section  
21 for fiscal year 2008-2009 do not apply to budget limits for fiscal year  
22 2008-2009 for school district overrides authorized by title 15, chapter 4,  
23 article 4, Arizona Revised Statutes.

24 Sec. 6. Soft capital reduction for school districts for fiscal  
25 year 2008-2009

26 A. For fiscal year 2008-2009, the department of education shall reduce  
27 by \$21,000,000 the amount of basic state aid that otherwise would be  
28 apportioned to school districts statewide for fiscal year 2008-2009 for the  
29 soft capital allocation prescribed in section 15-962, Arizona Revised  
30 Statutes, and shall reduce school district budget limits accordingly.

31 B. For fiscal year 2008-2009, the department of education shall reduce  
32 the soft capital allocation for a school district that is not eligible to  
33 receive basic state aid funding for fiscal year 2008-2009 by the amount that  
34 its soft capital allocation would be reduced pursuant to subsection A of this  
35 section if the district was eligible to receive basic state aid funding for  
36 fiscal year 2008-2009 and shall reduce the school district's budget limits  
37 accordingly.

38 C. The reductions prescribed in subsections A and B of this section do  
39 not apply to the soft capital allocation for kindergarten programs and grades  
40 one through eight for a school district that has a student count of fewer  
41 than six hundred students in kindergarten programs and grades one through  
42 eight.

1 D. The reductions prescribed in subsections A and B of this section do  
2 not apply to the soft capital allocation for grades nine through twelve for a  
3 school district that has a student count of fewer than six hundred students  
4 in grades nine through twelve.

5 Sec. 7. Additional assistance funding for charter schools;  
6 reductions for fiscal year 2008-2009

7 For fiscal year 2008-2009, the department of education shall reduce by  
8 \$4,000,000 the amount of additional assistance funding that otherwise would  
9 be apportioned to charter schools statewide for fiscal year 2008-2009  
10 pursuant to section 15-185, subsection B, paragraph 4, Arizona Revised  
11 Statutes. The funding reductions required under this section shall be made  
12 on a proportional basis based on the additional assistance funding that each  
13 charter school in the state would receive for fiscal year 2008-2009 apart  
14 from the prescribed reduction.

15 Sec. 8. Soft capital expenditures for fiscal year 2008-2009

16 Notwithstanding section 15-962, Arizona Revised Statutes, for fiscal  
17 year 2008-2009, a school district may use its soft capital allocation for any  
18 operating or capital expenditures.

19 Sec. 9. Aggregate expenditure limitation for fiscal year  
20 2008-2009; notification; budget adjustments

21 Notwithstanding section 15-911, subsection E, Arizona Revised Statutes,  
22 for fiscal year 2008-2009 the state board of education is not required to  
23 inform each school district of expenditure reductions required under the  
24 aggregate expenditure limitation prescribed in article IX, section 21,  
25 Constitution of Arizona, and the governing board of each school district is  
26 not required to adopt a revised budget for the current year in order to  
27 reflect reductions required by the aggregate expenditure limitation.

28 Sec. 10. Community colleges; operating state aid

29 Notwithstanding section 15-1466, Arizona Revised Statutes, and Laws  
30 2008, chapter 285, the fiscal year 2008-2009 appropriation for operating  
31 state aid for community colleges shall be the amount appropriated in the  
32 2008-2009 general appropriation act or acts enacted by the forty-ninth  
33 legislature.

34 Sec. 11. Community colleges; equalization aid

35 Notwithstanding section 15-1468, Arizona Revised Statutes, and Laws  
36 2008, chapter 285, the fiscal year 2008-2009 appropriation for equalization  
37 aid for community colleges shall be the amount appropriated in the 2008-2009  
38 general appropriation act or acts enacted by the forty-ninth legislature.

39 Sec. 12. Community colleges; capital outlay funding for fiscal  
40 year 2008-2009; uses

41 Notwithstanding section 15-1464, subsection G, Arizona Revised  
42 Statutes, for fiscal year 2008-2009, each community college district has the  
43 option of using any portion of its capital outlay funding for operating aid  
44 purposes or any portion of its operating funding for capital outlay purposes.

1           Sec. 13. University lottery bonding moratorium

2           Notwithstanding section 15-1682.03, Arizona Revised Statutes, and Laws  
3 2008, chapter 287, section 39, for fiscal year 2008-2009, the Arizona board  
4 of regents shall not authorize projects or issue debt for the remaining  
5 \$632,328,800 of the \$800,000,000 in bonding authority that was not submitted  
6 to the joint committee on capital review by October 2, 2008.

7           Sec. 14. Intent; university reductions; amount

8           The legislature intends that the combination of the student count  
9 changes in section 15-1661, Arizona Revised Statutes, as amended by this act,  
10 and the reductions to the fiscal year 2008-2009 appropriations to the Arizona  
11 board of regents and the universities under the jurisdiction of the Arizona  
12 board of regents that are prescribed in the general appropriations act  
13 enacted by the forty-ninth legislature, first special session shall result in  
14 a total overall reduction of \$141,500,000 to the Arizona board of regents and  
15 the universities under the jurisdiction of the Arizona board of regents.

16           Sec. 15. Conforming legislation

17           The legislative council staff shall prepare proposed legislation  
18 conforming the Arizona Revised Statutes to the provisions of this act for  
19 consideration in the forty-ninth legislature, first regular session.

APPROVED BY THE GOVERNOR JANUARY 31, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE FEBRUARY 2, 2009.