House Engrossed

FILED
KEN BENNETT
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-first Legislature
First Special Session
2013

CHAPTER 7

HOUSE BILL 2007

AN ACT

AMENDING SECTIONS 15-1626 AND 15-1745, ARIZONA REVISED STATUTES; RELATING TO BUDGET RECONCILIATION FOR HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

Section 1. Section 15-1626, Arizona Revised Statutes, is amended to read:

15-1626. General administrative powers and duties of board; definition

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, 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 Any delegation of authority may be rescinded by the board at any time in whole or in part.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. For the purposes of this paragraph, the undergraduate credit hour threshold is one hundred forty-five hours for students who attend a university under the jurisdiction of the board. The undergraduate credit hour threshold shall be based on the actual full-time equivalent student enrollment counted on the forty-fifth day of every fall and spring semester, divided by two, 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 IN-STATE STUDENTS AND OUT-OF-STATE 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 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 I of this section, 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 on 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) of this paragraph apply only to those changes in tuition or fees that require board approval.

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.

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

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

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 and charter schools and homeschools. 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.

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

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.

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.

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.

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.

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.

17. Acquire United States flags for each classroom that are manufactured in the United States and that are at least two feet by three feet and hardware to appropriately display the United States flags, acquire a legible copy of the Constitution of the United States and the Bill of Rights, display the flags in each classroom in accordance with title 4 of the United

1 States Code and display a legible copy of the Constitution of the United
2 States and the Bill of Rights adjacent to the flag.
3 18. To facilitate the transfer of military personnel and their
4 dependents to and from the public schools of this state, pursue, in
5 cooperation with the state board of education, reciprocity agreements with
6 other states concerning the transfer credits for military personnel and their
7 dependents. A reciprocity agreement entered into pursuant to this paragraph
8 shall:
9 (a) Address procedures for each of the following:
10 (i) The transfer of student records.
11 (ii) Awarding credit for completed course work.
12 (iii) Permitting a student to satisfy the graduation requirements
13 prescribed in section 15-701.01 through the successful performance on
14 comparable exit-level assessment instruments administered in another state.
15 (b) Include appropriate criteria developed by the state board of
16 education and the Arizona board of regents.
17 19. Require a university to publicly post notices of all of its
18 employment openings, including the title and description, instructions for
19 applying and relevant contact information.
20 20. In consultation with the community college districts in this state,
21 develop and implement common equivalencies for specific levels of achievement
22 on advanced placement examinations and international baccalaureate
23 examinations in order to award commensurate postsecondary academic credits at
24 community colleges and public universities in this state.
25 21. On or before August 1 of each year, report to the joint legislative
26 budget committee the graduation rate by university campus during the previous
27 fiscal year. The board shall also report the retention rate by university
28 campus and by class, as determined by date of entry during the previous
29 fiscal year.
30 B. The board shall adopt personnel policies for all employees of the
31 board and the universities.
32 C. In conjunction with the auditor general, the board shall develop a
33 uniform accounting and reporting system, which shall be reviewed by the joint
34 legislative budget committee before final adoption by the board. The board
35 shall require each university to comply with the uniform accounting and
36 reporting system.
37 D. The board may employ legal assistance in procuring loans for the
38 institutions from the United States government. Fees or compensation paid
39 for such legal assistance shall not be a claim on the general fund of this
40 state but shall be paid from funds of the institutions.
41 E. The board shall approve or disapprove any contract or agreement
42 entered into by the university of Arizona hospital with the Arizona health
43 facilities authority.
44 F. The board may adopt policies that authorize the institutions under
45 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.

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

H. 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.

I. Subsection A, paragraph 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.

J. On or before July 1, 2012, the Arizona board of regents, in collaboration with the universities under its jurisdiction, shall adopt a performance funding model. The performance funding model shall use performance metrics that include the increase in degrees awarded, the increase in completed student credit hours and the increase in externally generated research and public service funding. The funding formula may give added weight to degrees related to science, technology, engineering and mathematics and other high-value degrees that are in short supply or that are essential to this state's long-term economic development strategy.

K. The Arizona board of regents shall use the performance funding model adopted pursuant to subsection J of this section in developing and submitting budget requests for the universities under its jurisdiction.

L. ON OR BEFORE NOVEMBER 1 OF EACH YEAR, THE ARIZONA BOARD OF REGENTS SHALL SUBMIT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING A REPORT ON UNIVERSITY DEBT AND OBLIGATIONS, INCLUDING:

1. LONG-TERM NOTES AND OBLIGATIONS.

2. CERTIFICATES OF PARTICIPATION AND OTHER OBLIGATIONS PURSUANT TO ANY LEASE-PURCHASE AGREEMENTS.

3. REVENUE BONDS.

4. BONDS ISSUED PURSUANT TO SECTION 15-1682.03.

M. THE REPORT ISSUED PURSUANT TO SUBSECTION L OF THIS SECTION SHALL CONTAIN, FOR THE MOST RECENT FISCAL YEAR:

1. THE AGGREGATE LEVEL OF OUTSTANDING PRINCIPAL AND THE PRINCIPAL AND INTEREST PAYMENTS, BY TYPE OF DEBT OR OBLIGATION.

2. AN ITEMIZATION, BY CAMPUS AND PROJECT, OF THE AMOUNT OF YEARLY PRINCIPAL AND INTEREST TO BE PAID IN THE MOST RECENT AND THE NEXT FIVE FISCAL YEARS.

N. FOR THE PURPOSES OF THIS SECTION, "UNIVERSITY DEBT AND OBLIGATIONS" MEANS DEBT AND OBLIGATIONS, THE PRINCIPAL AND INTEREST OF WHICH ARE PAID IN WHOLE OR IN PART WITH UNIVERSITY MONIES.

Sec. 2. Section 15-1745, Arizona Revised Statutes, is amended to read:

15-1745. Contract with student certified by board

A. Before certifying a student to the commission the board ~~shall~~, on behalf of this state, SHALL enter into a written contract with the student. The contract shall set forth the methods and terms of repayment by the student to this state and shall be on terms and conditions and in a form provided by the board. The contract shall provide:

1. That the student shall within one year after completing his professional education and internship begin the practice of his profession within Arizona. If the student engages in postgraduate studies and does so without a lapse of more than one year following the completion of his professional course, ~~then~~ he shall begin practice within this state within one year after completing the graduate studies. If the student is involuntarily inducted into military service, or for other cause beyond his control deemed sufficient by the board is unable to begin the practice of his profession within one year after completing his professional education, internship and any graduate studies, ~~then~~ he shall begin practice within this state within one year after completing his required military service or the termination of such other cause.

2. That if the student engages in the practice of his profession within this state or while completing military service resulting from involuntary induction, his indebtedness to this state may be discharged in one of the following ways:

(a) By payment to this state of ~~one-half of~~ all sums expended by this state for and in behalf of the student with interest at the rate prescribed in subsection B OF THIS SECTION.

(b) For each year of practice or internship within this state or in military service there shall be discharged his obligation for one academic year of study for which a portion of the cost was paid by this state, except that each six months of practice shall discharge his obligation for one academic year of study if such practice is confined to a locality within the state where there is an exceptional need for his professional services as determined and certified by the ARIZONA medical board ~~of examiners~~ or licensing board of his profession.

3. That if the student fails to complete the required course of professional study, or if the course of study is interrupted by one school year or more for a cause or causes not resulting from involuntary induction

into military service or other cause beyond his control deemed sufficient by the board, or if the student fails to practice his profession within the state for such continuous time as completely discharges his obligation, except for delays resulting from an excusable cause as prescribed in this section, ~~one-half of~~ the entire sum paid for or on behalf of the student by this state and not repaid or discharged as herein provided shall be due and payable forthwith with interest at the rate prescribed in subsection B OF THIS SECTION. The board may extend the time of payment over a period not exceeding fifteen years and shall not require payment of interest during the existence of any excusable cause as prescribed in this section.

4. That if the student does not begin practice in this state within the time prescribed in this section but shall have repaid an agreed part of the sum expended by this state in his behalf, the board may permit him to discharge the balance of his obligation by subsequent practice within this state.

5. That in the event of the death of the student during the period of his education, internship or practice, his obligation to this state under this article shall cease except as to any portion ~~which~~ THAT is then due.

B. The interest rate for a student's contract is the rate in effect for the fiscal year during which the student begins the approved course of professional study. The board shall establish the interest rate by November 1 of the current year for the following fiscal year. The board shall establish a rate equal to the average interest rate of auctioned ninety-one day United States treasury bills over the twenty-four month period ending September 30 of the current year, except that the board may round the rate to the nearest one-half per cent. Accrual of interest charges provided by the contract begins on the first day of the first complete month following graduation of the student or, for students who fail to complete their required course of study, the first day of the first complete month following the date when the student was no longer enrolled.

Sec. 3. Community colleges; capital outlay aid

Notwithstanding section 15-1464, Arizona Revised Statutes, capital outlay state aid for community colleges for fiscal year 2013-2014 shall be as specified in the general appropriations act.

Sec. 4. Financial aid trust fund; required state match

Notwithstanding section 15-1642, subsection C, Arizona Revised Statutes, for fiscal year 2013-2014, each dollar raised pursuant to the surcharge on student registration assessed pursuant to section 15-1642, subsection A, Arizona Revised Statues, may be matched by less than two dollars appropriated by the legislature.

APPROVED BY THE GOVERNOR JUNE 17, 2013.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 17, 2013.

Passed the House June 13, 2013

by the following vote: 33 Ayes,

27 Nays, 0 Not Voting

Speaker of the House

Chief Clerk of the House

Passed the Senate June 13, 2013

by the following vote: 18 Ayes,

11 Nays, 1 Not Voting

President of the Senate

Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

13 day of June, 2013

at 4:10 o'clock P M.

Mikhaila Howard
Secretary to the Governor

Approved this 17th day of

June

at 12:00 o'clock P. M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 17th day of June, 2013

at 4:23 o'clock P M.

Secretary of State

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