



STATE OF ARIZONA  
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY  
GOVERNOR

EXECUTIVE OFFICE

March 29, 2018

The Honorable Michele Reagan  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, AZ 85007

Dear Secretary Reagan:

I am transmitting to you the following bills from the Fifty-third Legislature, 2<sup>nd</sup> Regular Session, which I signed on March 29, 2018:

HB 2035 deferred compensation plans; governing committee (Livingston)  
HB 2156 legislative vacancy; appointment; time frame (Coleman)  
HB 2196 certificates of necessity; hearings; duration (Carter)  
HB 2242 fire districts; revisions; county islands (Farnsworth, E.)  
HB 2258 diabetes; annual report (Carter)  
HB 2412 leave of absence; day; definition (Shope)  
HB 2477 high school mathematics; proficiency; notification (Udall)  
HB 2505 converted entities; claims (Cobb)  
HB 2513 hyperbaric oxygen therapy; veterans; fund (Finchem)  
HB 2536 dual enrollment; homeschooled children (Bowers)  
SB 1073 orthotics; prosthetic devices; valid prescription (Brophy McGee)  
SB 1111 workers' compensation; opioids; dispensed medications (Fann)  
SB 1204 trusts and estates (Worsley)  
SB 1253 game and fish; licenses; fees (Griffin)  
SB 1294 tax corrections act of 2018 (Farnsworth, D.)  
SB 1401 ignition interlock device; installer; manufacturer (Worsley)  
SB 1405 corporate income tax allocation; sales (Fann)  
SB 1422 universities; tuition and fees (Griffin)

SB 1499 community facilities districts; directors (Smith)  
SB 1502 ignition interlock device; incarceration credits (Smith)  
SB 1518 department of child safety; reports (Brophy McGee)

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive, flowing style.

Douglas A. Ducey  
Governor  
State of Arizona

cc: Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

Senate Engrossed

**FILED**

**MICHELE REAGAN**

**SECRETARY OF STATE**

State of Arizona  
Senate  
Fifty-third Legislature  
Second Regular Session  
2018

**CHAPTER 107**

# **SENATE BILL 1422**

AN ACT

AMENDING SECTION 15-1626, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 238, SECTION 1 AND CHAPTER 372, SECTION 4; REPEALING SECTION 15-1626, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 130, SECTION 1; RELATING TO THE ARIZONA BOARD OF REGENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1626, Arizona Revised Statutes, as amended by  
3 Laws 2016, chapter 238, section 1 and chapter 372, section 4, is amended  
4 to read:

5 15-1626. General administrative powers and duties of board:  
6 definition

7 A. The board shall:

8 1. Have and exercise the powers necessary for the effective  
9 governance and administration of the institutions under its control. To  
10 that end, the board may adopt, and authorize each university to adopt,  
11 such regulations, policies, rules or measures as are deemed necessary and  
12 may delegate in writing to its committees, to its university presidents,  
13 or their designees, or to other entities under its control, ~~any part of~~  
14 its authority for the administration and governance of such institutions,  
15 including those powers enumerated in section 15-1625, subsection B,  
16 paragraphs 2 and 4, paragraphs 3, 4, 8, 9, 11 and 12 of this subsection  
17 and subsection B of this section. Any delegation of authority may be  
18 rescinded by the board at any time in whole or in part.

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

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

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

31 5. Fix tuitions and fees to be charged and differentiate the  
32 tuitions and fees between institutions and between residents,  
33 nonresidents, undergraduate students, graduate students, students from  
34 foreign countries and students who have earned credit hours in excess of  
35 the credit hour threshold. For the purposes of this paragraph, the  
36 undergraduate credit hour threshold is one hundred forty-five hours for  
37 students who attend a university under the jurisdiction of the board. The  
38 undergraduate credit hour threshold shall be based on the actual full-time  
39 equivalent student enrollment counted on the forty-fifth day of every fall  
40 and spring semester, divided by two, and any budget adjustment based on  
41 student enrollment shall occur in the fiscal year following the actual  
42 full-time equivalent student enrollment count. The undergraduate credit  
43 hour threshold shall not apply to degree programs that require credit  
44 hours above the credit hour threshold, credits earned in the pursuit of up  
45 to two baccalaureate degrees, credits earned in the pursuit of up to two

1 state regulated licensures or certificates, credits earned in the pursuit  
2 of teaching certification, credits transferred from a private institution  
3 of higher education, credits transferred from an institution of higher  
4 education in another state, credits earned at another institution of  
5 higher education but that are not accepted as transfer credits at the  
6 university where the student is currently enrolled and credits earned by  
7 students who enroll at a university under the jurisdiction of the board  
8 more than twenty-four months after the end of that student's previous  
9 enrollment at a public institution of higher education in this state. On  
10 or before October 15 of each year, the board shall report to the joint  
11 legislative budget committee the number of in-state students and  
12 out-of-state students who were enrolled at universities under the  
13 jurisdiction of the board during the previous fiscal year AND who met or  
14 exceeded the undergraduate credit hour threshold prescribed in this  
15 paragraph. The amount of tuition, ~~registration~~ AND fees ~~and other~~  
16 ~~revenues~~ included in the operating budget for the university adopted by  
17 the board as prescribed in paragraph 13 of this subsection shall be  
18 SUBJECT TO LEGISLATIVE APPROPRIATION AND deposited, ~~pursuant to sections~~  
19 ~~35-146 and 35-147~~ IN A SEPARATE TUITION AND FEES SUBACCOUNT FOR EACH  
20 UNIVERSITY. All other tuition and fee revenue shall be retained by each  
21 university for expenditure as approved by the board, ~~except that~~ IN A  
22 SEPARATE LOCAL TUITION AND FEES SUBACCOUNT FOR EACH UNIVERSITY. THIS  
23 SUBACCOUNT SHALL CONSIST OF ONLY TUITION AND FEES. The universities shall  
24 not use any tuition or fee revenue to fund or support an alumni  
25 association.

26 6. ~~Except as provided in subsection I of this section,~~ Adopt rules  
27 to govern its tuition and ACADEMIC fee setting process that provide for  
28 the following:

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

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

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

38 (d) A ROLL CALL VOTE OF ANY final board action on changes in  
39 tuition, ~~or~~ INCLUDING TUITION RATE CHANGES FOR ONLINE PROGRAMS, OR  
40 ACADEMIC fees shall be taken by roll call vote.

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

44 (e) PUBLIC DISCLOSURE BY THE BOARD AND EACH UNIVERSITY OF ANY FINAL  
45 BOARD ACTION ON CHANGES IN TUITION OR ACADEMIC FEES.

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

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

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

13           10. Prescribe qualifications for admission of all students to the  
14 universities. The board shall establish policies for guaranteed admission  
15 that ~~assure~~ ENSURE fair and equitable access to students in this state  
16 from public, private and charter schools and homeschools. For the purpose  
17 of determining the qualifications of honorably discharged veterans,  
18 veterans are those persons who served in the armed forces for a minimum of  
19 two years and who were previously enrolled at a university or community  
20 college in this state. No prior failing grades received by the veteran at  
21 the university or community college in this state may be considered.

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

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

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

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

44           15. Require the publisher of each literary and nonliterary textbook  
45 used in the universities of this state to furnish TO THE ARIZONA BOARD OF

1 REGENTS computer software in a standardized format when software becomes  
2 available for nonliterary textbooks ~~to the Arizona board of regents~~ from  
3 which braille versions of the textbooks may be produced.

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

8 17. Acquire United States flags for each classroom that are  
9 manufactured in the United States and that are at least two feet by three  
10 feet and hardware to appropriately display the United States flags,  
11 acquire a legible copy of the Constitution of the United States and the  
12 Bill of Rights, display the flags in each classroom in accordance with  
13 title 4 of the United States Code and display a legible copy of the  
14 Constitution of the United States and the Bill of Rights adjacent to the  
15 flag.

16 18. To facilitate the transfer of military personnel and their  
17 dependents to and from the public schools of this state, pursue, in  
18 cooperation with the state board of education, reciprocity agreements with  
19 other states concerning the transfer credits for military personnel and  
20 their dependents. A reciprocity agreement entered into pursuant to this  
21 paragraph shall:

22 (a) Address procedures for each of the following:

23 (i) The transfer of student records.

24 (ii) Awarding credit for completed ~~course work~~ COURSEWORK.

25 (iii) Permitting a student to satisfy the graduation requirements  
26 prescribed in section 15-701.01 through the successful performance on  
27 comparable exit-level assessment instruments administered in another  
28 state.

29 (b) Include appropriate criteria developed by the state board of  
30 education and the Arizona board of regents.

31 19. Require a university to publicly post notices of all of its  
32 employment openings, including the title and description, instructions for  
33 applying and relevant contact information.

34 20. In consultation with the community college districts in this  
35 state, develop and implement common equivalencies for specific levels of  
36 achievement on advanced placement examinations and international  
37 baccalaureate examinations in order to award commensurate postsecondary  
38 academic credits at community colleges and public universities in this  
39 state.

40 21. On or before August 1 of each year, report to the joint  
41 legislative budget committee the graduation rate by university campus  
42 during the previous fiscal year. The board shall also report the  
43 retention rate by university campus and by class, as determined by date of  
44 entry during the previous fiscal year.

1 B. The board shall adopt personnel policies for all employees of  
2 the board and the universities.

3 C. In conjunction with the auditor general, the board shall develop  
4 a uniform accounting and reporting system, which shall be reviewed by the  
5 joint legislative budget committee before final adoption by the board.  
6 The board shall require each university to comply with the uniform  
7 accounting and reporting system.

8 D. The board may employ legal assistance in procuring loans for the  
9 institutions from the United States government. Fees or compensation paid  
10 for such legal assistance shall not be a claim on the general fund of this  
11 state but shall be paid from funds of the institutions.

12 E. The board shall approve or disapprove any contract or agreement  
13 entered into by the university of Arizona hospital with the Arizona  
14 industrial development authority.

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

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

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

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

39 ~~¶~~ I. The Arizona board of regents, in collaboration with the  
40 universities under its jurisdiction, shall adopt a performance funding  
41 model. The performance funding model shall use performance metrics that  
42 include the increase in degrees awarded, the increase in completed student  
43 credit hours and the increase in externally generated research and public  
44 service funding. The funding formula may give added weight to degrees  
45 related to science, technology, engineering and mathematics and other

1 high-value degrees that are in short supply or that are essential to this  
2 state's long-term economic development strategy.

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

7 ~~L~~. K. On or before November 1 of each year, the Arizona board of  
8 regents shall submit to the joint legislative budget committee and the  
9 governor's office of strategic planning and budgeting a report on  
10 university debt and obligations, including:

- 11 1. Long-term notes and obligations.
- 12 2. Certificates of participation and other obligations pursuant to
- 13 any lease-purchase agreements.
- 14 3. Revenue bonds.
- 15 4. Bonds issued pursuant to section 15-1682.03.
- 16 5. Commercial paper issued pursuant to section 15-1696.

17 ~~M~~. L. The report issued pursuant to subsection ~~L~~ K of this  
18 section shall contain, for the most recent fiscal year:

- 19 1. The aggregate level of outstanding principal and the principal  
20 and interest payments, by type of debt or obligation.
- 21 2. An itemization, by campus and project, of the amount of yearly  
22 principal and interest to be paid in the most recent and the next five  
23 fiscal years.

24 ~~N~~. M. The board may enter into an intergovernmental agreement  
25 pursuant to section 15-1747 to manage universities under its jurisdiction  
26 subject to the terms of the reciprocity agreement.

27 ~~O~~. N. For the purposes of this section, "university debt and  
28 obligations" means debt and obligations, the principal and interest of  
29 which are paid in whole or in part with university monies.

30 Sec. 2. Repeal

31 Section 15-1626, Arizona Revised Statutes, as amended by Laws 2016,  
32 chapter 130, section 1, is repealed.

**APPROVED BY THE GOVERNOR MARCH 29, 2018**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 29, 2018**



Passed the House March 22, 2018,

Passed the Senate February 28, 2018,

by the following vote: 48 Ayes,

by the following vote: 30 Ayes,

11 Nays, 1 Not Voting

0 Nays, 0 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

[Signature]  
Chief Clerk of the House

[Signature]  
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill was received by the Governor this  
26<sup>th</sup> day of March, 2018,

at 2:08 o'clock P. M.

[Signature]  
Secretary to the Governor

Approved this 27<sup>th</sup> day of

March, 2018,

at 11:31 o'clock A M.

[Signature]  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State  
this 29 day of March, 2018,

at 3:04 o'clock P. M.

[Signature]  
Secretary of State

S.B. 1422