

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SENATE BILL 1193

AN ACT

AMENDING SECTIONS 15-1466, 15-1626 AND 15-1661, ARIZONA REVISED STATUTES;
RELATING TO 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 15-1466, Arizona Revised Statutes, is amended to
3 read:

4 15-1466. State aid; eligibility; limitations

5 A. Subject to legislative appropriation, the legislature shall
6 determine and appropriate the amount of state aid each fiscal year to each
7 district possessing the qualifications as prescribed in this chapter.

8 B. The state shall determine the amount of state aid, as prescribed in
9 subsection F of this section, appropriated to each district for the fiscal
10 year prior to the fiscal year for which the state aid is being calculated.

11 C. The state shall adjust the amount of state aid appropriated to each
12 district as determined in subsection B of this section by the growth rate
13 referenced by section 15-901, subsection B, paragraph 2. This amount shall
14 be appropriated to the district except as provided in subsection D of this
15 section.

16 D. In addition to the state aid appropriated in subsection C of this
17 section, each district qualified under this chapter shall have its state aid
18 adjusted in an amount that reflects the growth **OR DECREASE** in the full-time
19 equivalent student count of the district calculated as follows:

20 1. Calculate the growth **OR DECREASE** in the actual, audited full-time
21 equivalent student count between the second and third most recent fiscal
22 years prior to the fiscal year for which the state aid is being calculated
23 for each district.

24 2. Calculate the average appropriation per full-time equivalent
25 student for all districts by dividing the amount determined in subsection B
26 of this section by the actual, audited full-time equivalent student count for
27 all districts in the most recent fiscal year.

28 3. Multiply the amount calculated in paragraph 1 of this subsection by
29 the average appropriation calculated in paragraph 2 of this subsection. This
30 amount ~~shall be appropriated to the district for growth~~ **EQUALS THE ADJUSTMENT**
31 **REQUIRED PURSUANT TO THIS SUBSECTION.**

32 E. State aid appropriated to each district shall be allocated and paid
33 in accordance with subsection C of this section before any funding is
34 allocated and paid in accordance with subsection D of this section.

35 F. The total amount appropriated to each district each fiscal year in
36 accordance with subsections C and D of this section shall serve as the amount
37 of state aid to be adjusted in the next fiscal year. A district is ~~not~~ **ONLY**
38 eligible for growth funding pursuant to this section ~~unless the~~ **FOR THE**
39 **PORTION OF ITS** most recent audited full-time student equivalent count **THAT**
40 exceeds the ~~highest~~ audited full-time student equivalent count recorded ~~from~~
41 ~~and after fiscal year 2003-2004~~ **FOR THE DISTRICT FOR THE MOST RECENT FISCAL**
42 **YEAR IN WHICH AN ADJUSTMENT WAS PREVIOUSLY MADE PURSUANT TO SUBSECTION D OF**
43 **THIS SECTION.**

- 1 G. To be eligible for state aid, a district shall:
2 1. Be equipped with suitable buildings, equipment and campus.
3 2. Have at least three hundred twenty full-time equivalent students
4 attending in the district.
5 3. Have complied with all of the requirements of the district board
6 including budgets and curriculum.

7 H. Notwithstanding subsection E of this section, the legislature may
8 allocate funding for growth in the full-time equivalent student count prior
9 to or in combination with funding of the growth rate.

10 I. The total amount of state monies that may be spent in any fiscal
11 year by a district for operating state aid shall not exceed the amount
12 appropriated or authorized by section 35-173 for that purpose.
13 Notwithstanding section 15-1444, this section shall not be construed to
14 impose a duty on an officer, agent or employee of this state to discharge a
15 responsibility or to create any right in a person or group if the discharge
16 or right would require an expenditure of state monies in excess of the
17 expenditure authorized by legislative appropriation for that specific
18 purpose, including any duties prescribed in an employment contract entered
19 into pursuant to section 15-1444, subsection A, paragraph 6.

20 J. In addition to the formula to determine the state aid
21 appropriations prescribed in this section, the state may pay additional
22 amounts for state aid to a district based on requests included in the
23 district's budget request.

24 K. This section does not entitle a community college operated by a
25 qualified Indian tribe to state aid for community colleges pursuant to this
26 chapter.

27 Sec. 2. Section 15-1626, Arizona Revised Statutes, is amended to read:
28 15-1626. General administrative powers and duties of board

29 A. The board shall:

30 1. Have and exercise the powers necessary for the effective governance
31 and administration of the institutions under its control. To that end, the
32 board may adopt, and authorize each university to adopt, such regulations,
33 policies, rules or measures as are deemed necessary and may delegate in
34 writing to its committees, to its university presidents, or their designees,
35 or to other entities under its control, any part of its authority for the
36 administration and governance of such institutions, including those powers
37 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs
38 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section.
39 Any delegation of authority may be rescinded by the board at any time in
40 whole or in part.

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

44 3. Appoint and employ and determine the compensation of
45 vice-presidents, deans, professors, instructors, lecturers, fellows and such

1 other officers and employees with such power and authority and for such
2 purposes in connection with the operation of the institutions as the board
3 deems necessary, or delegate its authority pursuant to paragraph 1 of this
4 subsection.

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

7 5. Fix tuitions and fees to be charged and differentiate the tuitions
8 and fees between institutions and between residents, nonresidents,
9 undergraduate students, graduate students, students from foreign countries
10 and students who have earned credit hours in excess of the credit hour
11 threshold. For the purposes of this paragraph, the undergraduate credit hour
12 threshold is one hundred fifty-five hours for students who attend a
13 university under the jurisdiction of the board in fiscal year 2006-2007, one
14 hundred fifty hours for students who attend a university under the
15 jurisdiction of the board in fiscal year 2007-2008 and one hundred forty-five
16 hours for students who attend a university under the jurisdiction of the
17 board after fiscal year 2007-2008. The undergraduate credit hour threshold
18 shall be based on the actual full-time equivalent student enrollment counted
19 on the twenty-first day after classes begin for the fall semester of 2005 and
20 every fall semester thereafter and any budget adjustment based on student
21 enrollment shall occur in the fiscal year following the actual full-time
22 equivalent student enrollment count. The undergraduate credit hour threshold
23 shall not apply to degree programs that require credit hours above the credit
24 hour threshold, credits earned in the pursuit of up to two baccalaureate
25 degrees, credits earned in the pursuit of up to two state regulated
26 licensures or certificates, credits earned in the pursuit of teaching
27 certification, credits transferred from a private institution of higher
28 education, credits transferred from an institution of higher education in
29 another state, credits earned at another institution of higher education but
30 that are not accepted as transfer credits at the university where the student
31 is currently enrolled and credits earned by students who enroll at a
32 university under the jurisdiction of the board more than twenty-four months
33 after the end of that student's previous enrollment at a public institution
34 of higher education in this state. On or before October 15 of each year, the
35 board shall report to the joint legislative budget committee the number of
36 students who were enrolled at universities under the jurisdiction of the
37 board during the previous fiscal year who met or exceeded the undergraduate
38 credit hour threshold prescribed in this paragraph. The amount of tuition,
39 registration fees and other revenues included in the operating budget for the
40 university adopted by the board as prescribed in paragraph 13 of this
41 subsection shall be deposited, pursuant to sections 35-146 and 35-147. All
42 other tuition and fee revenue shall be retained by each university for
43 expenditure as approved by the board, except that the universities shall not
44 use any tuition or fee revenue to fund or support an alumni association.

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

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

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

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

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

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

17 7. Pursuant to section 35-115, submit a budget request for each
18 institution under its jurisdiction **THAT IS AGGREGATED BY INDIVIDUAL**
19 **UNIVERSITY AND NOT SUBMITTED BY INDIVIDUAL CAMPUS AND** that includes the
20 estimated tuition and fee revenue available to support the programs of the
21 institution as described in the budget request. The estimated available
22 tuition and fee revenue shall be based on the tuition and registration fee
23 rates in effect at the time the budget request is submitted with adjustments
24 for projected changes in enrollment as provided by the board.

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

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

30 10. Prescribe qualifications for admission of all students to the
31 universities. The board shall establish policies for guaranteed admission
32 that assure fair and equitable access to students in this state from public,
33 private, charter and home schools. For the purpose of determining the
34 qualifications of honorably discharged veterans, veterans are those persons
35 who served in the armed forces for a minimum of two years and who were
36 previously enrolled at a university or community college in this state. No
37 prior failing grades received by the veteran at the university or community
38 college in this state may be considered.

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

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

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

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

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

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

24 17. Beginning July 1, 2007, acquire United States flags for each
25 classroom that are manufactured in the United States and that are at least
26 two feet by three feet and hardware to appropriately display the United
27 States flags, acquire a legible copy of the Constitution of the United States
28 and the Bill of Rights, display the flags in each classroom in accordance
29 with title 4 of the United States Code and display a legible copy of the
30 Constitution of the United States and the bill of rights adjacent to the
31 flag.

32 18. To facilitate the transfer of military personnel and their
33 dependents to and from the public schools of this state, pursue, in
34 cooperation with the state board of education, reciprocity agreements with
35 other states concerning the transfer credits for military personnel and their
36 dependents. A reciprocity agreement entered into pursuant to this paragraph
37 shall:

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

39 (i) The transfer of student records.

40 (ii) Awarding credit for completed course work.

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

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

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

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

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

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

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

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

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

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

1 Sec. 3. Section 15-1661, Arizona Revised Statutes, is amended to read:
2 15-1661. Annual appropriation; enrollment audit; expenditure;
3 balance; salaries

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

17 B. The full-time equivalent student enrollment reported for the
18 previous fiscal year by each university shall be audited annually by the
19 auditor general. The auditor general shall report the results of the audit
20 to the staffs of the joint legislative budget committee and the governor's
21 office of strategic planning and budgeting on or before October 15 of each
22 year. Beginning with the fall semester of 2006, on or before the following
23 July 21 of each academic year, each university shall provide a certified
24 report to the auditor general of the number of full-time equivalent students
25 calculated by the university. The university's records used to calculate
26 full-time equivalent student enrollment shall be provided to the auditor
27 general in an electronic format prescribed by the auditor general. Beginning
28 in 2006, each university shall submit to the auditor general a summary of its
29 full-time equivalent student enrollment accounting policies and procedures,
30 compilation procedures and source records used for calculating full-time
31 equivalent student enrollment. These accounting policies and procedures,
32 compilation procedures and source records shall comply with policies
33 developed on or before June 30, 2006 by the Arizona board of regents, in
34 consultation with the auditor general and reviewed by the joint legislative
35 budget committee. These policies shall include a review and recommendations
36 of the necessity of minimum requirements for students enrolled in classes to
37 qualify for appropriations pursuant to this section, including requirements
38 that the class be a for-credit course that is necessary for the completion of
39 a degree and that the student enrolled in the course be physically present in
40 this state at the time the course is conducted. **THROUGH JUNE 30, 2009**, the
41 basic actual full-time equivalent student enrollment shall be counted on the
42 twenty-first day after the basic actual full-time equivalent student
43 enrollment classes begin for the fall semester, as published in the
44 university catalogs. **BEGINNING JULY 1, 2009, THE BASIC ACTUAL FULL-TIME**
45 **EQUIVALENT STUDENT ENROLLMENT SHALL BE COUNTED ON THE TWENTY-FIRST DAY AFTER**

1 THE BASIC ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT CLASSES BEGIN FOR
2 THE FALL AND SPRING SEMESTERS, AS PUBLISHED IN THE UNIVERSITY CATALOGS. The
3 Arizona board of regents shall also make recommendations of whether each
4 professor or instructor should be required to review class rosters and make
5 additions or deletions as necessary. If so, class rosters that reflect
6 enrollment as of the twenty-first day shall be provided by the registrar's
7 office to each professor or instructor for every class section. The class
8 roster shall indicate the course number, course title, time, instructor name
9 and students enrolled. On the twenty-first day class rosters, each professor
10 or instructor shall indicate as withdrawn each student who has formally
11 withdrawn from the course, and that student shall not be counted for state
12 aid purposes. The official twenty-first day rosters shall include a manual
13 signature and date or an electronic authorization and date by the professor
14 or instructor and shall include the following certification:

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

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

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

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

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

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

39 1. THROUGH JUNE 30, 2009, the total number of enrolled fall semester
40 credit hours in 100-level credit courses and 200-level credit courses divided
41 by fifteen. BEGINNING JULY 1, 2009, THE TOTAL NUMBER OF ENROLLED FALL AND
42 SPRING SEMESTER CREDIT HOURS IN 100-LEVEL CREDIT COURSES AND 200-LEVEL CREDIT
43 COURSES DIVIDED BY FIFTEEN.

44 2. THROUGH JUNE 30, 2009, the total number of enrolled fall semester
45 credit hours in 300-level credit courses and 400-level credit courses divided

1 by twelve. BEGINNING JULY 1, 2009, THE TOTAL NUMBER OF ENROLLED FALL AND
2 SPRING SEMESTER CREDIT HOURS IN 300-LEVEL CREDIT COURSES AND 400-LEVEL CREDIT
3 COURSES DIVIDED BY TWELVE.

4 3. THROUGH JUNE 30, 2009, the total number of enrolled fall semester
5 credit hours in graduate level credit courses divided by ten. BEGINNING JULY
6 1, 2009, THE TOTAL NUMBER OF ENROLLED FALL AND SPRING SEMESTER CREDIT HOURS
7 IN GRADUATE LEVEL COURSES DIVIDED BY TEN.

8 H. The Arizona board of regents, in its annual budget request, shall
9 not include funding for any student who is enrolled at an institution under
10 the jurisdiction of the Arizona board of regents and who has earned credit
11 hours in excess of the undergraduate credit hour threshold, except that the
12 undergraduate credit hour threshold shall not apply to students who are
13 enrolled in a degree program that requires credit hours above the credit
14 threshold. For the purposes of this subsection, the undergraduate credit
15 hour threshold is one hundred fifty-five hours for students who attend a
16 university under the jurisdiction of the board in fiscal year 2006-2007, one
17 hundred fifty hours for students who attend a university under the
18 jurisdiction of the board in fiscal year 2007-2008 and one hundred forty-five
19 hours for students who attend a university under the jurisdiction of the
20 board after fiscal year 2007-2008. THROUGH JUNE 30, 2009, the undergraduate
21 credit hour threshold shall be based on the actual full-time equivalent
22 student enrollment counted on the twenty-first day after classes begin for
23 the fall semester of 2005 and every fall semester thereafter and any budget
24 adjustment based on student enrollment shall occur in the fiscal year
25 following the actual full-time equivalent student enrollment count.
26 BEGINNING JULY 1, 2009, THE UNDERGRADUATE CREDIT HOUR THRESHOLD SHALL BE
27 BASED ON THE ACTUAL FULL-TIME EQUIVALENT STUDENT ENROLLMENT COUNTED ON THE
28 TWENTY-FIRST DAY AFTER CLASSES BEGIN FOR THE FALL SEMESTER OF 2005 AND EVERY
29 FALL AND SPRING SEMESTER THEREAFTER AND ANY BUDGET ADJUSTMENT BASED ON
30 STUDENT ENROLLMENT SHALL OCCUR IN THE FISCAL YEAR FOLLOWING THE ACTUAL
31 FULL-TIME EQUIVALENT STUDENT ENROLLMENT COUNT. The undergraduate credit hour
32 threshold shall not apply to credits earned in the pursuit of up to two
33 baccalaureate degrees, credits earned in the pursuit of up to two state
34 regulated licensures and certificates, credits earned in the pursuit of
35 teaching certification, credits transferred from a private institution of
36 higher education, credits transferred from an institution of higher education
37 in another state, credits earned at another institution of higher education
38 but that are not accepted as transfer credits at the university where the
39 student is currently enrolled and credits earned by students who enroll at a
40 university under the jurisdiction of the board more than twenty-four months
41 after the end of that student's previous enrollment at a public institution
42 of higher education in this state.

1 Sec. 4. Financial aid trust fund; required state match
2 Notwithstanding section 15-1642, subsection C, Arizona Revised
3 Statutes, for fiscal year 2008-2009, each dollar raised pursuant to the
4 surcharge on student registration established in section 15-1642, subsection
5 A, Arizona Revised Statutes, may be matched by less than two dollars
6 appropriated by the legislature.

7 Sec. 5. Community colleges; capital outlay aid; suspension
8 Notwithstanding section 15-1464, Arizona Revised Statutes, or any other
9 law, capital outlay state aid for community colleges is suspended for fiscal
10 year 2008-2009.

11 Sec. 6. Community colleges; operating state aid
12 Notwithstanding section 15-1466, Arizona Revised Statutes, as amended
13 by this act, the fiscal year 2008-2009 appropriation for operating state aid
14 for community colleges shall be the amount appropriated in the general
15 appropriation act.

16 Sec. 7. Community colleges; equalization aid
17 Notwithstanding section 15-1468, Arizona Revised Statutes, the fiscal
18 year 2008-2009 appropriation for equalization aid for community colleges
19 shall be the amount appropriated in the general appropriations act.