Senate Engrossed

ABOR; reporting requirements; revisions

State of Arizona Senate Fifty-sixth Legislature First Regular Session 2023

SENATE BILL 1179

AN ACT

AMENDING SECTIONS 15-1626, 15-1648, 15-1661 AND 15-1821, ARIZONA REVISED STATUTES; 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, is amended to 3 read: 4 15-1626. General administrative powers and duties of board; 5 definition 6 The ARIZONA board OF REGENTS shall: Α. 7 Have and exercise the powers necessary for the effective 1. 8 governance and administration of the institutions under its control. Τo 9 that end, the board may adopt, and authorize each university to adopt, such regulations, policies, rules or measures as are deemed necessary and 10 11 may delegate in writing to its committees, to its university presidents, 12 or their designees, or to other entities under its control any part of its 13 authority for the administration TO ADMINISTER and governance of GOVERN such institutions, including those powers enumerated in section 15-1625, 14 subsection B, paragraphs 2 and 4, paragraphs 3, 4, 8, 9, 11 and 12 of this 15 16 subsection and subsection B of this section. THE BOARD MAY RESCIND any 17 delegation of authority may be rescinded by the board at any time in whole 18 or in part. 19 2.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 VICE PRESIDENTS, deans, professors, instructors. 24 lecturers, fellows and such other officers and employees with such power 25 and authority and for such purposes in connection with the operation of 26 the institutions as the board deems necessary, or delegate its authority 27 pursuant to paragraph 1 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. nonresidents, undergraduate students, graduate students, students from 33 foreign countries and students who have earned credit hours in excess of 34 35 the credit hour threshold. For the purposes of this paragraph, the 36 undergraduate credit hour threshold is one hundred forty-five hours for students who attend a university under the jurisdiction of the board. 37 The undergraduate credit hour threshold shall be based on the actual full-time 38 39 equivalent student enrollment counted on the forty-fifth TWENTY-FIRST day 40 of every fall and spring semester, divided by two, and any budget 41 adjustment based on student enrollment shall occur in the fiscal year 42 following the actual full-time equivalent student enrollment count. The 43 undergraduate credit hour threshold shall not apply to degree programs 44 that require credit hours above the credit hour threshold, credits earned 45 in the pursuit of up to two baccalaureate degrees, credits earned in the

1 pursuit of up to two state regulated licensures or certificates, credits 2 earned in the pursuit of teaching certification, credits transferred from 3 a private institution of higher education, credits transferred from an 4 institution of higher education in another state, credits earned at 5 another institution of higher education but that are not accepted as 6 transfer credits at the university where the student is currently enrolled 7 and credits earned by students who enroll at a university under the 8 jurisdiction of the board more than twenty-four months after the end of 9 that student's previous enrollment at a public institution of higher education in this state. On or before $\frac{0 + 1}{2}$ DECEMBER 1 of each year, 10 11 the board shall report to the joint legislative budget committee the 12 number of in-state students and out-of-state students who were enrolled at 13 universities under the jurisdiction of the board during the previous fiscal year and who met or exceeded the undergraduate credit hour 14 threshold prescribed in this paragraph, INCLUDING THE MOST RECENT FALL 15 16 SEMESTER, DISAGGREGATED BY GEOGRAPHIC SITE. The amount of tuition and 17 fees included in the operating budget for the university adopted by the 18 board as prescribed in paragraph 13 of this subsection shall be subject to legislative appropriation and deposited in a separate tuition and fees 19 20 subaccount for each university. All other tuition and fee revenue shall 21 be retained by each university for expenditure as approved by the board in 22 a 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.

Adopt rules to govern its THE BOARD'S tuition and academic 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.

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

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

37 (d) A roll call vote of any final board action on changes in
 38 tuition, including tuition rate changes for online programs, or academic
 39 fees.

40 (e) Public disclosure by the board and each university of any final41 board action on changes in tuition or academic fees.

42 7. Pursuant to section 35-115, submit a budget request for each 43 institution under its THE BOARD'S jurisdiction that includes the estimated 44 tuition and fee revenue available to support the programs of the 45 institution as described in the budget request. The estimated available 1 tuition and fee revenue shall be based on the tuition and registration fee 2 rates in effect at the time the budget request is submitted with 3 adjustments for projected changes in enrollment as provided by the board.

8. Establish curricula and designate courses at the several institutions that in its THE BOARD'S judgment will best serve the interests of this state.

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

9 10. Prescribe qualifications for admission of all students to the universities. The board shall establish policies for guaranteed admission 10 11 that ensure fair and equitable access to students in this state from public, private and charter schools and homeschools. For the purpose of 12 13 determining the qualifications of honorably discharged veterans, veterans are those persons who served in the armed forces for a minimum of two 14 years and who were previously enrolled at a university or community 15 16 college in this state. No Prior failing grades received by the veteran at 17 the university or community college in this state may NOT be considered.

18 11. Adopt any energy conservation standards adopted by the 19 department of administration for the construction of new buildings.

20 12. Employ for such time and purposes as the board requires 21 attorneys whose compensation shall be fixed and paid by the board. 22 Litigation to which the board is a party and for which self-insurance is 23 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 and fees approved by the board and allocated to each university operating budget.

In consultation with the state board of education and other 28 14. 29 education groups, develop and implement a program to award honors endorsements to be affixed to the high school diplomas of qualifying high 30 31 school pupils and to be included in the transcripts of pupils who are awarded endorsements. The board shall develop application procedures and 32 33 testing criteria and adopt testing instruments and procedures to administer the program. In order to receive an honors endorsement, a 34 35 pupil must demonstrate an extraordinary level of knowledge, skill and 36 competency as measured by the testing instruments adopted by the board in 37 mathematics, English, science and social studies. Additional subjects may 38 be added at the determination of the board. The program is voluntary for 39 pupils.

40 15. Require the publisher of each literary and nonliterary textbook 41 used in the universities of this state to furnish to the Arizona board of 42 regents computer software in a standardized format when software becomes 43 available for nonliterary textbooks from which braille versions of the 44 textbooks may be produced. 1 16. Require universities that provide a degree in education to 2 require courses that are necessary to obtain a provisional structured 3 English immersion endorsement as prescribed by the state board of 4 education.

5 17. Acquire United States flags for each classroom that are 6 manufactured in the United States and that are at least two feet by three 7 feet and hardware to appropriately display the United States flags, 8 acquire a legible copy of the Constitution of the United States and the 9 Bill of Rights, display the flags in each classroom in accordance with title 4 of the United States Code and display a legible copy of the 10 11 Constitution of the United States and the Bill of Rights adjacent to the 12 flag.

13 18. To facilitate the transfer of military personnel and their 14 dependents to and from the public schools of this state, pursue, in 15 cooperation with the state board of education, reciprocity agreements with 16 other states concerning the transfer credits for military personnel and 17 their dependents. A reciprocity agreement entered into pursuant to this 18 paragraph shall:

19

(a) Address procedures for each of the following:

20 21 (i) The transfer of student records.(ii) Awarding credit for completed coursework.

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

26 (b) Include appropriate criteria developed by the state board of 27 education and the Arizona board of regents.

19. Require a university to publicly post notices of all of its THE
 UNIVERSITY'S employment openings, including the title and description,
 instructions for applying and relevant contact information.

31 20. In consultation with the community college districts in this 32 state, develop and implement common equivalencies for specific levels of placement 33 achievement on advanced examinations and international baccalaureate examinations in order to award commensurate postsecondary 34 academic credits at community colleges and public universities in this 35 36 state.

37 21. On or before August 1 of each year, report to the joint 38 legislative budget committee the graduation rate by university campus 39 during the previous fiscal year. The board shall also report the 40 retention rate by university campus and by class, as determined by date of 41 entry during the previous fiscal year.

42 B. The board shall adopt personnel policies for all employees of 43 the board and the universities.

44 C. In conjunction with the auditor general, the board shall develop 45 a uniform accounting and reporting system, which shall be reviewed by the joint legislative budget committee before final adoption by the board.
 The board shall require each university to comply with the uniform
 accounting and reporting system.

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

8 E. The board shall approve or disapprove any contract or agreement 9 entered into by the university of Arizona hospital with the Arizona 10 industrial development authority.

F. The board may adopt policies that authorize the institutions under its jurisdiction to enter into employment contracts with nontenured employees for periods of more than one year but not more than five years. The policies shall prescribe limitations LIMITS 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.

18 G. The board may adopt a plan or plans for employee benefits that 19 allow for participation in a cafeteria plan that meets the requirements of 20 the United States internal revenue code of 1986.

21 H. The board may establish a program for the exchange of students 22 between the universities under the jurisdiction of the board and colleges 23 and universities located in the state of Sonora, Mexico. Notwithstanding 24 subsection A, paragraph 5 of this section, the program may provide for in-state tuition at the universities under the jurisdiction of the board 25 26 for fifty Sonoran students in exchange for similar tuition provisions for up to fifty Arizona students enrolled or seeking enrollment in Sonoran 27 The board may direct the universities to work 28 colleges or universities. 29 conjunction with the Arizona-Mexico commission to coordinate in 30 recruitment and admissions activities.

31 Ι. The Arizona board of regents, in collaboration with the universities under its jurisdiction, shall adopt a performance funding 32 model. The performance funding model shall use performance metrics that 33 include the increase in degrees awarded, the increase in completed student 34 35 credit hours and the increase in externally generated research and public 36 service funding. The funding formula may give added weight to degrees 37 related to science, technology, engineering and mathematics and other 38 high-value degrees that are in short supply or that are essential to this 39 state's long-term economic development strategy.

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

43 K. On or before November 1 of each year, the Arizona board of 44 regents shall submit to the joint legislative budget committee and the 1 governor's office of strategic planning and budgeting a report on 2 university debt and obligations, including:

3

Long-term notes and obligations.

4 2. Certificates of participation and other obligations pursuant to 5 any lease-purchase agreements.

6 3. Revenue bonds.

7 8 4. Bonds issued pursuant to section 15-1682.03.

5. Commercial paper issued pursuant to section 15–1696.

9 L. The report issued pursuant to subsection K of this section shall 10 contain, for the most recent fiscal year:

The aggregate level of outstanding principal and the principal
 and interest payments, by type of debt or obligation.

13 2. An itemization, by campus and project, of the amount of yearly 14 principal and interest to be paid in the most recent and the next five 15 fiscal years.

16 M. The board may enter into an intergovernmental agreement pursuant 17 to section 15-1747 to manage universities under its jurisdiction subject 18 to the terms of the reciprocity agreement.

19 N. For the purposes of this section, "university debt and 20 obligations" means debt and obligations, the principal and interest of 21 which are paid in whole or in part with university monies.

22 Sec. 2. Section 15-1648, Arizona Revised Statutes, is amended to 23 read:

- 24
- 25

15-1648. <u>Technology and research initiative fund; purpose;</u> <u>annual report</u>

A. The technology and research initiative fund is established consisting of revenues transferred to the fund pursuant to section 42-5029, subsection E, paragraph 2 and section 42-5029.02, subsection A, paragraph 2. The Arizona board of regents shall administer the fund. The monies in the fund are continuously appropriated to the Arizona board of regents for distribution pursuant to this section and are exempt from the provisions of section 35-190 relating to lapsing of appropriations.

B. The ARIZONA board OF REGENTS shall adopt rules to administer the technology and research initiative fund in accordance with this section. The board may allocate up to twenty percent of the monies in the fund to be used for capital projects relating to new economy initiatives, including debt service, for the universities under its jurisdiction, pursuant to article 5 of this chapter.

39 C. The Arizona board of regents shall receive requests from the 40 individual universities and shall determine the amount and duration of 41 each award. The criteria for the evaluation of EVALUATING each request 42 shall be ARE as follows:

43 44 1. The award must be related to one of the following:

(a) A specific academic or research field.

1 (b) The expansion of access to baccalaureate or postbaccalaureate 2 education for time-bound and place-bound students.

- 3 (c) The implementation of recommendations of the Arizona 4 partnership for the new economy or the governor's task force on higher 5 education.
- 6 2. The award may be used to develop new and existing programs that 7 will prepare students to contribute in high technology industries located 8 in this state.

9 3. The award may be used in conjunction with matching financial 10 assistance from private industry.

4. The Arizona board of regents shall give preference to requests
 that are developed in conjunction with private industry, private entities
 or federal agencies.

14 D. The Arizona board of regents shall submit a report to the governor, the president of the senate and the speaker of the house of 15 16 representatives on or before September OCTOBER 1 of each year on the 17 technology and research award program and shall transmit a copy to the 18 secretary of state. The report shall include a description of the amount 19 and duration of each new award distributed and a description of the 20 purpose and goals for each award. For existing awards, the Arizona board 21 of regents shall use a detailed set of performance measures to determine 22 the overall effectiveness of each award.

23 Sec. 3. Section 15–1661, Arizona Revised Statutes, is amended to 24 read:

- 25 26
- 15-1661. <u>Annual appropriation; enrollment audit; expenditure;</u> <u>balance; salaries</u>

27 A. There shall be appropriated in the general appropriation APPROPRIATIONS bill for each fiscal year a sum of monies not less than 28 29 eighty-five one-hundredths OF AT LEAST 85/100 of one mill on the dollar of the assessed valuation of all taxable property in the state for the 30 31 improvement, support and maintenance of the institutions under the Arizona board of regents' jurisdiction, including payment of PAYING salaries, AND 32 current expenses, purchase of PURCHASING equipment, making necessary 33 34 repairs, construction of CONSTRUCTING new buildings, purchase of PURCHASING lands and in general for payment of PAYING all such expenses 35 36 connected with the management of the institutions under the Arizona board 37 of regents' jurisdiction. The department of revenue, upon ON compiling the aggregate assessed valuation of all taxable property within this 38 state, shall compute the amount of monies so determined and certify such 39 40 THAT amount over its seal to the department of administration and the 41 state treasurer.

42 B. The full-time equivalent student enrollment reported for the 43 previous fiscal year by each university shall be audited annually by the 44 auditor general. The auditor general shall report the results of the 45 audit to the staffs of the joint legislative budget committee and the

1 governor's office of strategic planning and budgeting on or before October 2 15 of each year. On or before July 21 of each academic year, each 3 university shall provide for the previous fall semester a certified report 4 to the auditor general of the number of full-time equivalent students 5 calculated by the university and a separate report only for those students 6 who meet the residency requirements prescribed in section 15-1802. The 7 university's records used to calculate full-time equivalent student 8 enrollment shall be provided to the auditor general in an electronic 9 format prescribed by the auditor general. Beginning in 2006, Each 10 university shall submit to the auditor general a summary of its full-time 11 equivalent student enrollment accounting policies and procedures, 12 compilation procedures and source records used for calculating full-time 13 equivalent student enrollment. These accounting policies and procedures, 14 compilation procedures and source records shall comply with policies developed on or before June 30, 2006 by the Arizona board of regents, in 15 16 consultation with the auditor general and reviewed by the joint 17 legislative budget committee. These policies shall include a review and 18 recommendations of the necessity of minimum requirements for students 19 enrolled in classes to qualify for appropriations pursuant to this 20 section, including requirements that the class be a for-credit course that 21 is necessary for the completion of COMPLETING a degree and that the 22 student enrolled in the course be physically present in this state at the 23 time the course is conducted. The basic actual full-time equivalent 24 student enrollment shall be counted on the forty-fifth TWENTY-FIRST day 25 after the basic actual full-time equivalent student enrollment classes 26 begin for the fall and spring semesters, as published in the university 27 catalogs, and divided by two. The Arizona board of regents shall also 28 make recommendations of RECOMMEND whether each professor or instructor 29 should be required to review class rosters and make additions or deletions 30 as necessary. If so, class rosters that reflect enrollment as of the 31 forty-fifth TWENTY-FIRST day shall be provided by the registrar's office 32 to each professor or instructor for every class section. The class roster shall indicate the course number, course title, time, instructor name and 33 34 students enrolled. On the forty-fifth TWENTY-FIRST day class rosters, 35 each professor or instructor shall indicate as withdrawn each student who 36 has formally withdrawn from the course, and that student shall not be 37 counted for state aid purposes. The official forty-fifth TWENTY-FIRST day rosters shall include a manual signature and date or an electronic 38 39 authorization and date by the professor or instructor and shall include 40 the following certification:

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

C. The Arizona board of regents shall also report the basic actual full-time equivalent student enrollment for only those students who meet the residency requirements prescribed in section 15-1802. The basic actual full-time equivalent student enrollment for only those students who meet the residency requirements prescribed in section 15-1802 that is reported by each university for the previous fiscal year shall be annually audited by the auditor general.

8 D. Students who have withdrawn or who have been withdrawn from 9 classes as of the forty-fifth TWENTY-FIRST day shall not be counted for 10 state aid purposes. A record shall be maintained that identifies student 11 withdrawals by date of withdrawal, as of the forty-fifth TWENTY-FIRST day 12 and after the forty-fifth TWENTY-FIRST day for the entire semester.

13 E. Amounts appropriated as provided by subsection A OF THIS SECTION 14 shall be paid as other claims against this state are paid.

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

19 G. Monies appropriated to a university under the jurisdiction of 20 the Arizona board of regents for cost of living COST-OF-LIVING salary 21 increases for university employees shall be used to provide cost of living 22 COST-OF-LIVING salary increases to all university employees, including graduate student assistants. If monies are appropriated to a university 23 24 for salary increases based on merit, the monies shall be used to provide 25 merit increases according to the merit pay plan adopted by the Arizona 26 board of regents.

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

31 1. The total number of enrolled fall and spring semester credit 32 hours in 100-level credit courses and 200-level credit courses divided by 33 fifteen.

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

37 3. The total number of enrolled fall and spring semester credit 38 hours in graduate level GRADUATE-LEVEL credit courses divided by ten.

The Arizona board of regents, in its annual budget request, 39 Ι. 40 shall not include funding for any student who is enrolled at an 41 institution under the jurisdiction of the Arizona board of regents and who has earned credit hours in excess of the undergraduate credit hour 42 43 threshold, except that the undergraduate credit hour threshold shall DOES not apply to students who are enrolled in a degree program that requires 44 45 credit hours above the credit threshold. For the purposes of this

1 subsection, the undergraduate credit hour threshold is one hundred 2 fifty-five hours for students who attend a university under the 3 jurisdiction of the board in fiscal year 2006-2007, one hundred fifty 4 hours for students who attend a university under the jurisdiction of the 5 board in fiscal year 2007-2008 and one hundred forty-five hours for 6 students who attend a university under the jurisdiction of the board after 7 fiscal year 2007-2008. The undergraduate credit hour threshold shall be 8 based on the actual full-time equivalent student enrollment counted on the 9 forty-fifth TWENTY-FIRST day after classes begin for the fall and spring 10 semesters, and any budget adjustment based on student enrollment shall 11 occur in the fiscal year following the actual full-time equivalent student 12 enrollment count. The undergraduate credit hour threshold shall DOES not 13 apply to credits earned in the pursuit of up to two baccalaureate degrees, 14 credits earned in the pursuit of up to two state regulated STATE-REGULATED licensures and certificates, credits earned in the pursuit of teaching 15 16 certification, credits transferred from a private institution of higher 17 education, credits transferred from an institution of higher education in 18 another state, credits earned at another institution of higher education 19 but that are not accepted as transfer credits at the university where the 20 student is currently enrolled and credits earned by students who enroll at 21 a university under the jurisdiction of the board more than twenty-four 22 months after the end of that student's previous enrollment at a public 23 institution of higher education in this state.

24 Sec. 4. Section 15–1821, Arizona Revised Statutes, is amended to 25 read:

26

27

15-1821. <u>Special admission of students under eighteen years</u> of age: enrollment information: policies: rules

A. Each community college district board shall adopt policies that 28 29 require community colleges under its jurisdiction to admit students under age eighteen YEARS OF AGE who have not yet attained a high school diploma 30 31 or high school certificate of equivalency and who meet the established requirements of the courses for which they enroll. 32 The Arizona board of regents shall adopt rules that require the universities under its 33 34 jurisdiction to admit students under age eighteen YEARS OF AGE who have 35 not yet attained a high school diploma or high school certificate of 36 equivalency and who meet the established requirements of the courses for 37 which they enroll.

38 B. The policies and rules as provided in subsection A of this 39 section shall include the following provisions:

A 1. A student under age eighteen YEARS OF AGE shall not be denied admission because of age, lack of a high school diploma or high school certificate of equivalency, grade in school, lack of permission of school officials or lack of concurrent enrollment in a public or private school, if the student has achieved at least a specified score on a college entrance examination. 1 2. A community college or university that admits a student pursuant 2 to paragraph 1 of this subsection may limit the number of semester credit 3 hours in which the student may enroll to no less than six semester credit 4 hours.

5 3. A student admitted to a community college or university pursuant 6 to paragraph 1 of this subsection is not guaranteed admission to a 7 specific degree program or to all courses offered by the community college 8 or university.

9 C. Each community college district and the Arizona board of regents 10 shall provide all high schools in this state with information that 11 describes the policies and rules, as appropriate, the types of courses 12 available and other information related to the enrollment of students 13 under the age of eighteen YEARS OF AGE. Each unified or high school 14 district school shall make this information available to all students in 15 at least grades nine through twelve.

16 D. On or before November 15 of each year, the Arizona board of 17 regents shall submit a report to the president of the senate, the speaker 18 of the house of representatives and the state board of education and shall 19 provide a copy of this report to the secretary of state on students under 20 eighteen years of age who had not yet attained a high school diploma or 21 high school certificate of equivalency and who were enrolled in a 22 university course or a program for university credit during the time 23 period of September of the previous fiscal year through August of the 24 current fiscal year. The annual report shall include at least the 25 following:

26

1. The number of students who were enrolled.

27 2. A general narrative of the types of courses or programs in which
 28 the students were enrolled.

29 3. The rules adopted pursuant to subsection A of this section.

30 E. On or before September 30 of each year, each institution under 31 the jurisdiction of the Arizona board of regents shall submit to the 32 Arizona board of regents in the form specified by the Arizona board of 33 regents the information that the Arizona board of regents needs to compile 34 the report required in subsection D of this section.