

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SENATE BILL 1618

AN ACT

AMENDING SECTIONS 15-1444, 15-1472, 15-1626 AND 15-1831, ARIZONA REVISED STATUTES; RELATING TO BUDGET RECONCILIATION FOR HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1444, Arizona Revised Statutes, is amended to
3 read:

4 15-1444. General powers and duties of district governing boards

5 A. Except as otherwise provided, the district board shall:

6 1. Maintain each community college for a period of not less than eight
7 months in each year and, if the funds of the district are sufficient,
8 maintain each community college for a longer period.

9 2. Adopt policies in a public forum to offer programs that meet the
10 educational needs of the population served by the community college.

11 3. Enforce the courses of study prescribed by the district board.

12 4. Visit each community college under its jurisdiction and examine
13 carefully into its management, conditions and needs.

14 5. Exclude from each community college all books, publications or
15 papers of a sectarian, partisan or denominational character intended for use
16 as textbooks.

17 6. Appoint and employ a chancellor or chancellors, vice-chancellors, a
18 president or presidents, vice-presidents, deans, professors, instructors,
19 lecturers, fellows and such other officers and employees it deems necessary.
20 The district board may enter into employment contracts with chancellors,
21 vice-chancellors and presidents for a duration of more than one year but not
22 more than five years.

23 7. Determine the salaries of persons it appoints and employs.

24 8. Remove any officer or employee if in its judgment the interests of
25 education in this state require the removal.

26 9. Award degrees, certificates and diplomas on the completion of
27 courses and curriculum as it deems appropriate.

28 10. Appoint or employ, if it deems necessary, police officers who shall
29 have the authority and power of peace officers. The police officers who have
30 received a certificate from the Arizona peace officer standards and training
31 board are eligible for membership in and benefits under either title 38,
32 chapter 5, article 2 or the public safety personnel retirement system under
33 title 38, chapter 5, article 4.

34 11. Determine the location within the district of a community college
35 and purchase, receive, hold, make and take leases of, sell and convey real or
36 personal property for the benefit of the community colleges under its
37 jurisdiction.

38 12. Obtain insurance or be self-insured, or a combination of insurance
39 and self-insurance, against loss, to the extent it is determined necessary on
40 community college buildings of the district. The local district shall have
41 an insurable interest in the buildings.

42 B. The district board may:

43 1. Administer trusts declared or created for the district and receive
44 by gift or devise and hold in trust or otherwise property wheresoever

1 located, and if not otherwise provided, dispose of the property for the
2 benefit of the district.

3 2. Lease real property, as lessor or as lessee. If a district is the
4 lessee, the lease may contain an option to purchase the property. The
5 district board may adopt policies as are deemed necessary and may delegate in
6 writing to the chancellor or president of the district, or their designees,
7 all or any part of its authority to lease property under this paragraph. ~~A
8 district board shall not delegate the authority to execute a lease that
9 exceeds one hundred thousand dollars per year.~~ Any delegation by the
10 district board pursuant to this paragraph may be rescinded in whole or in
11 part at any time by the district board.

12 3. Sue and be sued.

13 4. Contract. The district board may adopt such policies as are deemed
14 necessary and may delegate in writing to the chancellor or president of the
15 district, or their designees, all or any part of its authority to contract
16 under this paragraph. Any delegation of authority under this paragraph may
17 be rescinded by the district board at any time in whole or in part.

18 5. Construct, remodel and repair buildings.

19 6. In conjunction with other districts, establish policies for
20 procurement of goods and services.

21 7. Provide a plan or plans for employee benefits, which may include
22 optional retirement programs pursuant to section 15-1451, subsection A, which
23 allow for participation in a cafeteria plan that meets the requirements of
24 the United States internal revenue code of 1986.

25 8. Accept grants or donations of monies from the United States, or
26 from any of its agencies, departments or officers, or from persons,
27 corporations, foundations or associations. A district board shall deposit
28 the monies into a specific fund or account and a district board shall
29 administer the monies in accordance with the purpose of the grant or donation
30 with specific policies or restrictions as described or stipulated in the
31 grant or donation. In the case of personal property granted or donated to or
32 for the benefit of a community college district, a district board shall
33 immediately transfer possession and ownership of the property to the
34 designated district.

35 9. Enter into intergovernmental agreements or contracts pursuant to
36 section 11-952.01 for participation in programs offered by public agency
37 pools or separately contract with a trustee or board of trustees that
38 provides a common self-insurance program with pooled funds and risks pursuant
39 to section 15-382, subsection B, paragraph 2. The district board is not
40 required to engage in competitive procurement in order to make the decision
41 to participate in these programs.

42 10. Name a building or a group of buildings that is located on a
43 community college campus on behalf of a person or entity that has made a
44 significant contribution of monies or other property to the community college
45 or the community college district.

1 accordance with section 15-1461 and consistent with subsection B of this
2 section.

3 B. Monies received pursuant to subsection A of this section shall be
4 expended for workforce development and job training purposes. These
5 expenditures may include:

6 1. Partnerships with businesses and educational institutions.

7 2. Additional faculty for improved and expanded classroom instruction
8 and course offerings.

9 3. Technology, equipment and technology infrastructure for advanced
10 teaching and learning in classrooms or laboratories.

11 4. Student services such as assessment, advisement and counseling for
12 new and expanded job opportunities.

13 5. The purchase, lease or lease-purchase of real property, for new
14 construction, remodeling or repair of buildings or facilities on real
15 property.

16 C. The state treasurer shall transfer monies under this section into
17 each district's workforce development account by the fifteenth day of each
18 month. The state treasurer shall also allocate and distribute any pooled
19 interest earnings earned from revenues authorized in section 42-5029,
20 subsection E, paragraph 3 to each district in accordance with the method
21 prescribed in subsection D, paragraph 2 of this section.

22 D. Revenues authorized for community college districts in section
23 42-5029, subsection E, paragraph 3 shall be distributed by the state in the
24 following manner:

25 1. For thirteen fiscal years beginning in fiscal year 2001-2002 the
26 state treasurer shall allocate one million dollars per fiscal year for the
27 purpose of bringing this state into compliance with the matching capital
28 requirements prescribed in section 15-1463. The state treasurer shall
29 distribute the monies authorized in this subsection to each district in the
30 order in which each campus qualified for funding pursuant to section 15-1463.

31 2. After the monies have been paid each year to the eligible ~~district~~
32 **DISTRICTS** pursuant to paragraph 1 of this subsection, the state treasurer
33 shall distribute monies from the workforce development fund to each community
34 college district in the following manner:

35 (a) Each district shall receive the sum of two hundred thousand
36 dollars.

37 (b) After each district has received the payments prescribed in
38 subdivision (a), the remainder of monies in the fund shall be distributed to
39 each district according to each district's full-time equivalent student
40 enrollment percentage of the total ~~state-wide~~ **STATEWIDE** audited full-time
41 equivalent student enrollment in the preceding fiscal year prescribed in
42 section 15-1466.01. The percentage distribution under this subdivision shall
43 be adjusted annually on October 1 of each year.

44 E. Revenues received by community college districts shall not be used
45 by the legislature to supplant or reduce any state aid authorized in this

1 chapter or supplant any proceeds from the sale of bonds authorized in this
2 article and article 5 of this chapter.

3 F. Monies received under this section shall not be considered to be
4 local revenues for purposes of article IX, section 21, Constitution of
5 Arizona.

6 ~~G. Each community college district shall submit a workforce
7 development plan by April 1 of each year to the department of commerce. The
8 plan shall outline the purpose and goals for which workforce development
9 monies are to be expended by the district.~~

10 ~~H.~~ G. Each community college district or community college that is
11 owned, operated or chartered by a qualifying Indian tribe on its own Indian
12 reservation shall submit a report once every two years of its workforce
13 development plan activities and the expenditures authorized in this section
14 to the governor, president of the senate, speaker of the house of
15 representatives, joint legislative budget committee and department of
16 commerce by December 1 of every even-numbered year. The report shall include
17 the purpose and goals for which the workforce development monies were
18 expended by each district or community college together with a general
19 accounting of the expenditures authorized in subsection B of this section. A
20 copy of the final report shall also be provided to the secretary of state ~~and
21 the director of the Arizona state library, archives and public records.~~ For
22 the purposes of this subsection, "qualifying Indian tribe" has the same
23 meaning prescribed in section 42-5031.01.

24 Sec. 3. Section 15-1626, Arizona Revised Statutes, is amended to read:

25 15-1626. General administrative powers and duties of board

26 A. The board shall:

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

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

41 3. Appoint and employ and determine the compensation of
42 vice-presidents, deans, professors, instructors, lecturers, fellows and such
43 other officers and employees with such power and authority and for such
44 purposes in connection with the operation of the institutions as the board

1 deems necessary, or delegate its authority pursuant to paragraph 1 of this
2 subsection.

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

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

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

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

44 (b) Publication of the notice of public hearing at least ten days
45 prior to the hearing in a newspaper of general circulation in Maricopa

1 county, Coconino county and Pima county. The notice shall include the date,
2 time and location of the public hearing.

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

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

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

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

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

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

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

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

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

37 13. Adopt annually an operating budget for each university equal to the
38 sum of appropriated general fund monies and the amount of tuition,
39 registration fees and other revenues approved by the board and allocated to
40 each university operating budget.

41 14. In consultation with the state board of education and other
42 education groups, develop and implement a program to award honors
43 endorsements to be affixed to the high school diplomas of qualifying high
44 school pupils and to be included in the transcripts of pupils who are awarded
45 endorsements. The board shall develop application procedures and testing

1 criteria and adopt testing instruments and procedures to administer the
2 program. In order to receive an honors endorsement, a pupil must demonstrate
3 an extraordinary level of knowledge, skill and competency as measured by the
4 testing instruments adopted by the board in mathematics, English, science and
5 social studies. Additional subjects may be added at the determination of the
6 board. The program is voluntary for pupils.

7 15. Require the publisher of each literary and nonliterary textbook
8 used in the universities of this state to furnish computer software in a
9 standardized format when software becomes available for nonliterary textbooks
10 to the Arizona board of regents from which braille versions of the textbooks
11 may be produced.

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

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

22 18. To facilitate the transfer of military personnel and their
23 dependents to and from the public schools of this state, pursue, in
24 cooperation with the state board of education, reciprocity agreements with
25 other states concerning the transfer credits for military personnel and their
26 dependents. A reciprocity agreement entered into pursuant to this paragraph
27 shall:

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

29 (i) The transfer of student records.

30 (ii) Awarding credit for completed course work.

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

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

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

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

44 21. ON OR BEFORE AUGUST 1 OF EACH YEAR, REPORT TO THE JOINT LEGISLATIVE
45 BUDGET COMMITTEE THE GRADUATION RATE BY UNIVERSITY CAMPUS DURING THE PREVIOUS

1 FISCAL YEAR. THE BOARD SHALL ALSO REPORT THE RETENTION RATE BY UNIVERSITY
2 CAMPUS AND BY CLASS, AS DETERMINED BY DATE OF ENTRY DURING THE PREVIOUS
3 FISCAL YEAR.

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

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

24 E. The board shall approve or disapprove any contract or agreement
25 entered into by the university of Arizona hospital with the Arizona health
26 facilities authority.

27 F. The board may adopt policies that authorize the institutions under
28 its jurisdiction to enter into employment contracts with nontenured employees
29 for periods of more than one year but not more than five years. The policies
30 shall prescribe limitations on the authority of the institutions to enter
31 into employment contracts for periods of more than one year but not more than
32 five years, including the requirement that the board approve the contracts.

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

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

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

5 Sec. 4. Section 15-1831, Arizona Revised Statutes, is amended to read:
6 15-1831. Information on persons who have completed vocational
7 programs; definitions

8 A. The center for vocational education shall:

9 1. By the end of each calendar year publish and distribute a report of
10 the placement rates and average salaries earned by persons completing
11 vocational programs in this state during the prior fiscal year. This report
12 may include information on a program which would be a vocational program
13 except that it was not completed by at least twenty-five persons during the
14 fiscal year.

15 2. Establish an advisory committee consisting of representatives of
16 both public and private institutions which offer vocational programs. The
17 advisory committee shall advise the center in the implementation of this
18 section.

19 3. Prescribe the format in which institutions which offer vocational
20 programs shall provide the information necessary to produce the report
21 prescribed in paragraph 1 of this subsection.

22 ~~B. The governing board of each community college district shall:~~

23 ~~1. Transmit to the center for vocational education the following~~
24 ~~information within thirty days of the end of the fiscal year:~~

25 ~~(a) The social security number of each person who completed a~~
26 ~~vocational program during the previous fiscal year.~~

27 ~~(b) Such information as the center may require in order to conduct a~~
28 ~~follow up survey of a sample of persons who have completed vocational~~
29 ~~programs.~~

30 ~~2. Make available to students prior to or at the time of registration~~
31 ~~the report distributed by the center for vocational education as prescribed~~
32 ~~in this section.~~

33 ~~C.~~ B. In this section, unless the context otherwise requires:

34 1. "Center for vocational education" means the center for vocational
35 education at a university under the jurisdiction of the Arizona board of
36 regents designated by the board.

37 2. "Vocational program" means a program **THAT IS** completed by at least
38 twenty-five persons during the fiscal year and ~~which~~ **THAT** is one of the
39 following:

40 (a) Operated by a community college district organized pursuant to
41 chapter 12 of this title and designated as a vocational program, including
42 vocational programs operated by a skill center.

43 (b) A private vocational program **THAT IS** licensed pursuant to section
44 32-3021 ~~which~~ **AND THAT** does not provide a baccalaureate degree.

1 Sec. 5. Community colleges; capital outlay aid; suspension
2 Notwithstanding section 15-1464, Arizona Revised Statutes, or any other
3 law, capital outlay state aid for community colleges is suspended for fiscal
4 year 2011-2012.

5 Sec. 6. Community colleges; capital aid funding for fiscal year
6 2011-2012; uses

7 Notwithstanding section 15-1464, subsection G, Arizona Revised
8 Statutes, for fiscal year 2011-2012, each community college district may use
9 any portion of its capital outlay funding for operating aid expenses.

10 Sec. 7. Community colleges; operating state aid

11 Notwithstanding section 15-1466, Arizona Revised Statutes, the fiscal
12 year 2011-2012 appropriation for operating state aid for community colleges
13 shall be the amount appropriated in the general appropriation act.

14 Sec. 8. Medical student loans; private schools; fiscal year
15 2011-2012; retroactivity

16 A. Notwithstanding section 15-1723, subsection A, Arizona Revised
17 Statutes, the board of medical student loans is not required to apportion
18 fifty per cent of the monies in the medical student loan fund for students
19 attending private medical schools in fiscal year 2011-2012.

20 B. This section is effective retroactively to from and after June 30,
21 2011.

22 Sec. 9. Financial aid trust fund; required state match

23 Notwithstanding section 15-1642, subsection C, Arizona Revised
24 Statutes, for fiscal year 2011-2012, each dollar raised pursuant to the
25 surcharge on student registration assessed pursuant to section 15-1642,
26 subsection A, Arizona Revised Statutes, may be matched by less than two
27 dollars appropriated by the legislature.

28 Sec. 10. Intent

29 It is the intent of the legislature that the Arizona board of regents
30 and the three universities under the jurisdiction of the Arizona board of
31 regents collaborate and recommend a funding structure that includes
32 performance and outcome based funding, a student centered financial aid model
33 and a method that addresses the issue of per student funding disparities
34 among the three universities in the fiscal year 2012-2013 budget submittals.