

REFERENCE TITLE: higher education; tuition; fees; reduction

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

# **SB 1228**

Introduced by  
Senator Crandell

AN ACT

AMENDING SECTIONS 15-1626 AND 41-1504, ARIZONA REVISED STATUTES; RELATING TO  
POSTSECONDARY EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

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

4 15-1626. General administrative powers and duties of board:  
5 definition

6 A. The board shall:

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16 Any delegation of authority may be rescinded by the board at any time in  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

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

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

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

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

1 transferred from an institution of higher education in another state, credits  
2 earned at another institution of higher education but that are not accepted  
3 as transfer credits at the university where the student is currently enrolled  
4 and credits earned by students who enroll at a university under the  
5 jurisdiction of the board more than twenty-four months after the end of that  
6 student's previous enrollment at a public institution of higher education in  
7 this state. On or before October 15 of each year, the board shall report to  
8 the joint legislative budget committee the number of in-state students and  
9 out-of-state students who were enrolled at universities under the  
10 jurisdiction of the board during the previous fiscal year who met or exceeded  
11 the undergraduate credit hour threshold prescribed in this paragraph. The  
12 amount of tuition, registration fees and other revenues included in the  
13 operating budget for the university adopted by the board as prescribed in  
14 paragraph 13 of this subsection shall be deposited, pursuant to sections  
15 35-146 and 35-147. All other tuition and fee revenue shall be retained by  
16 each university for expenditure as approved by the board, except that the  
17 universities shall not use any tuition or fee revenue to fund or support an  
18 alumni association. **THE BOARD SHALL REDUCE TUITION AND FEES THAT A STUDENT  
19 WOULD OTHERWISE BE CHARGED BY \_\_\_\_\_ PER CENT IF THE STUDENT IS PURSUING A  
20 DEGREE IN A FIELD OF STUDY THAT IS ON THE LIST SUBMITTED BY THE ARIZONA  
21 COMMERCE AUTHORITY PURSUANT TO SECTION 41-1504, SUBSECTION C, PARAGRAPH 7.  
22 THE BOARD SHALL ANNUALLY REPORT TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF  
23 REPRESENTATIVES AND THE PRESIDENT OF THE SENATE THE NUMBER OF STUDENTS WHO  
24 ARE ADMITTED TO A UNIVERSITY UNDER THE JURISDICTION OF THE BOARD AND WHO ARE  
25 PURSUING A DEGREE IN A FIELD OF STUDY THAT IS ON THE LIST SUBMITTED BY THE  
26 ARIZONA COMMERCE AUTHORITY PURSUANT TO SECTION 41-1504. THE BOARD SHALL  
27 PROVIDE A COPY OF THIS REPORT TO THE SECRETARY OF STATE.**

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

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

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

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

39 (d) Final board action on changes in tuition or fees shall be taken by  
40 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 board  
43 approval.

44 7. Pursuant to section 35-115, submit a budget request for each  
45 institution under its jurisdiction that includes the estimated tuition and

1 fee revenue available to support the programs of the institution as described  
2 in the budget request. The estimated available tuition and fee revenue shall  
3 be based on the tuition and registration fee rates in effect at the time the  
4 budget request is submitted with adjustments for projected changes in  
5 enrollment as provided by the board.

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

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

11 10. Prescribe qualifications for admission of all students to the  
12 universities. **NOTWITHSTANDING ANY OTHER LAW, THE ADMISSION QUALIFICATIONS**  
13 **SHALL PROHIBIT THE ADMISSION OF STUDENTS WHO REQUIRE REMEDIAL COURSES AND**  
14 **STUDENTS WHO FAIL TO OBTAIN A SATISFACTORY SCORE ON THE PLACEMENT TEST USED**  
15 **BY THAT UNIVERSITY.** The board shall establish policies for guaranteed  
16 admission that assure fair and equitable access to students in this state  
17 from public, private and charter schools and homeschools. For the purpose of  
18 determining the qualifications of honorably discharged veterans, veterans are  
19 those persons who served in the armed forces for a minimum of two years and  
20 who were previously enrolled at a university or community college in this  
21 state. No prior failing grades received by the veteran at the university or  
22 community college in this state may be considered.

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

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

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

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

44 15. Require the publisher of each literary and nonliterary textbook  
45 used in the universities of this state to furnish computer software in a

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

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

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

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

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

21 (i) The transfer of student records.

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

23 (iii) Permitting a student to satisfy the graduation requirements  
24 prescribed in section 15-701.01 through the successful performance on  
25 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.

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

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

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

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

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

1 shall require each university to comply with the uniform accounting and  
2 reporting system.

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

7 E. The board shall approve or disapprove any contract or agreement  
8 entered into by the university of Arizona hospital with the Arizona health  
9 facilities authority.

10 F. The board may adopt policies that authorize the institutions under  
11 its jurisdiction to enter into employment contracts with nontenured employees  
12 for periods of more than one year but not more than five years. The policies  
13 shall prescribe limitations on the authority of the institutions to enter  
14 into employment contracts for periods of more than one year but not more than  
15 five years, including the requirement that the board approve the contracts.

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

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

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

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

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

1 L. On or before November 1 of each year, the Arizona board of regents  
2 shall submit to the joint legislative budget committee and the governor's  
3 office of strategic planning and budgeting a report on university debt and  
4 obligations, including:  
5 1. Long-term notes and obligations.  
6 2. Certificates of participation and other obligations pursuant to any  
7 lease-purchase agreements.  
8 3. Revenue bonds.  
9 4. Bonds issued pursuant to section 15-1682.03.  
10 M. The report issued pursuant to subsection L of this section shall  
11 contain, for the most recent fiscal year:  
12 1. The aggregate level of outstanding principal and the principal and  
13 interest payments, by type of debt or obligation.  
14 2. An itemization, by campus and project, of the amount of yearly  
15 principal and interest to be paid in the most recent and the next five fiscal  
16 years.  
17 N. For the purposes of this section, "university debt and obligations"  
18 means debt and obligations, the principal and interest of which are paid in  
19 whole or in part with university monies.  
20 Sec. 2. Section 41-1504, Arizona Revised Statutes, is amended to read:  
21 41-1504. Powers and duties; e-verify requirement  
22 A. The board of directors, on behalf of the authority, may:  
23 1. Adopt and use a corporate seal.  
24 2. Sue and be sued.  
25 3. Enter into contracts as necessary to carry out the purposes and  
26 requirements of this chapter, including intergovernmental agreements pursuant  
27 to title 11, chapter 7, article 3 and interagency service agreements as  
28 provided by section 35-148.  
29 4. Lease real property and improvements to real property for the  
30 purposes of the authority. Leases by the authority are exempt from chapter  
31 4, article 7 of this title, relating to management of state properties.  
32 5. Employ or retain legal counsel and other consultants as necessary  
33 to carry out the purposes of the authority.  
34 6. Develop and use written policies, procedures and guidelines for the  
35 terms and conditions of employing officers and employees of the authority and  
36 may include background checks of appropriate personnel.  
37 B. The board of directors, on behalf of the authority, shall:  
38 1. Develop comprehensive long-range strategic economic plans for this  
39 state and submit the plans to the governor.  
40 2. Annually update a strategic economic plan for submission to the  
41 governor.  
42 3. Accept gifts, grants and loans and enter into contracts and other  
43 transactions with any federal or state agency, municipality, private  
44 organization or other source.

1 C. The authority shall:

2 1. Assess and collect fees for processing applications and  
3 administering incentives. The board shall adopt the manner of computing the  
4 amount of each fee to be assessed. Within thirty days after proposing fees  
5 for adoption, the chief executive officer shall submit a schedule of the fees  
6 for review by the joint legislative budget committee. It is the intent of  
7 the legislature that a fee shall not exceed one per cent of the amount of the  
8 incentive.

9 2. Determine and collect registry fees for the administration of the  
10 allocation of federal tax exempt industrial development bonds and student  
11 loan bonds authorized by the authority. Such monies collected by the  
12 authority shall be deposited, pursuant to sections 35-146 and 35-147, in an  
13 authority bond fund. Monies in the fund shall be used, subject to annual  
14 appropriation by the legislature, by the authority to administer the  
15 allocations provided in this paragraph and are exempt from the provisions of  
16 section 35-190 relating to the lapsing of appropriations.

17 3. Determine and collect security deposits for the allocation, for the  
18 extension of allocations and for the difference between allocations and  
19 principal amounts of federal tax exempt industrial development bonds and  
20 student loan bonds authorized by the authority. Security deposits forfeited  
21 to the authority shall be deposited in the state general fund.

22 4. At the direction of the board, establish and supervise the  
23 operations of full-time or part-time offices in other states and foreign  
24 countries for the purpose of expanding direct investment and export trade  
25 opportunities for businesses and industries in this state if, based on  
26 objective research, the authority determines that the effort would be  
27 beneficial to the economy of this state.

28 5. Establish a program by which entrepreneurs become aware of permits,  
29 licenses or other authorizations needed to establish, expand or operate in  
30 this state.

31 6. Be the state registration agency for apprenticeship functions  
32 prescribed by the federal government.

33 7. DEVELOP AND SUBMIT TO THE ARIZONA BOARD OF REGENTS AND EACH  
34 COMMUNITY COLLEGE DISTRICT IN THIS STATE A LIST OF FIELDS OF STUDY THAT  
35 INVOLVE SKILLS THAT ARE IN HIGH DEMAND BY EMPLOYERS. THE AUTHORITY SHALL  
36 ANNUALLY UPDATE THE LIST PRESCRIBED BY THIS PARAGRAPH.

37 D. The authority, through the chief executive officer, may:

38 1. Contract and incur obligations reasonably necessary or desirable  
39 within the general scope of the authority's activities and operations to  
40 enable the authority to adequately perform its duties.

41 2. Use monies, facilities or services to provide matching  
42 contributions under federal or other programs that further the objectives and  
43 programs of the authority.

44 3. Accept gifts, grants, matching monies or direct payments from  
45 public or private agencies or private persons and enterprises for the conduct

1 of programs that are consistent with the general purposes and objectives of  
2 this chapter.

3 4. Assess business fees for promotional services provided to  
4 businesses that export products and services from this state. The fees shall  
5 not exceed the actual costs of the services provided.

6 5. Establish and maintain one or more accounts in banks or other  
7 depositories, for public or private monies of the authority, from which  
8 operational activities, including payroll, vendor and grant payments, may be  
9 conducted. Individual funds that are established by law under the  
10 jurisdiction of the authority may be maintained in separate accounts in banks  
11 or other depositories, but shall not be commingled with any other monies or  
12 funds of the authority.

13 E. The chief executive officer shall:

14 1. Hire employees and prescribe the terms and conditions of their  
15 employment as necessary to carry out the purposes of the authority. The  
16 board of directors shall adopt written policies, procedures and guidelines,  
17 similar to those adopted by the department of administration, regarding  
18 officer and employee compensation, observed holidays, leave and reimbursement  
19 of travel expenses and health and accident insurance. The officers and  
20 employees of the authority are exempt from any laws regulating state  
21 employment, including:

22 (a) Chapter 4, articles 5 and 6 of this title, relating to state  
23 service.

24 (b) Title 38, chapter 4, article 1 and chapter 5, article 2, relating  
25 to state personnel compensation, leave and retirement.

26 (c) Title 38, chapter 4, article 2, relating to reimbursement of state  
27 employee expenses.

28 (d) Title 38, chapter 4, article 4, relating to health and accident  
29 insurance.

30 2. On a quarterly basis, provide public record data in a manner  
31 prescribed by the department of administration related to the authority's  
32 revenues and expenditures for inclusion in the comprehensive database of  
33 receipts and expenditures of state monies pursuant to section 41-725.

34 F. In addition to any other requirement, in order to qualify for any  
35 grant, loan, reimbursement, tax incentive or other economic development  
36 incentive pursuant to this chapter, an applicant that is an employer must  
37 register with and participate in the e-verify program in compliance with  
38 section 23-214. The authority shall require verification of compliance with  
39 this subsection as part of any application process.

40 G. Notwithstanding any other law, the authority is subject to chapter  
41 3.1, article 1 of this title, relating to risk management.

42 H. The authority is exempt from chapter 32, articles 1 and 2 of this  
43 title, relating to statewide information technology. The authority shall  
44 adopt policies, procedures and guidelines regarding information technology.

1 I. The authority is exempt from state general accounting and finance  
2 practices and rules adopted pursuant to chapter 4, article 3 of this title,  
3 but the board shall adopt written accounting practices, systems and  
4 procedures for the economic and efficient operation of the authority.

5 J. The authority is exempt from section 41-712, relating to the  
6 installation and maintenance of ~~telecommunications~~ TELECOMMUNICATION systems.

7 K. The authority may lease or purchase motor vehicles for use by  
8 employees to conduct business activities. The authority is exempt from  
9 section 41-803, relating to the state motor vehicle fleet, and title 38,  
10 chapter 3, article 10, relating to vehicle usage and markings.

11 L. Any tangible or intangible record submitted to or compiled by the  
12 board or the authority in connection with its work, including the award of  
13 monies, is subject to title 39, chapter 1, unless an applicant shows, or the  
14 board or authority determines, that specific information meets either of the  
15 following:

16 1. If made public, the information would divulge the applicant's or  
17 potential applicant's trade secrets, as defined in section 44-401.

18 2. If made public, the information could potentially harm the  
19 applicant's, THE potential applicant's or this state's competitive position  
20 relating to potential business development opportunities and strategies.

21 M. The authority is exempt from chapter 25, article 1 of this title,  
22 relating to government competition with private enterprise.