

State of Arizona
House of Representatives
Fifty-first Legislature
Second Regular Session
2014

CHAPTER 213
HOUSE BILL 2577

AN ACT

AMENDING SECTIONS 15-1444 AND 15-1626, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 13, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1747; AMENDING SECTION 32-3003, ARIZONA REVISED STATUTES; RELATING TO 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
45 located, and if not otherwise provided, dispose of the property for the
46 benefit of the district.

1 2. Lease real property, as lessor or as lessee. If a district is the
2 lessee, the lease may contain an option to purchase the property. The
3 district board may adopt policies as are deemed necessary and may delegate in
4 writing to the chancellor or president of the district, or their designees,
5 all or any part of its authority to lease property under this paragraph. Any
6 delegation by the district board pursuant to this paragraph may be rescinded
7 in whole or in part at any time by the district board.

8 3. Sue and be sued.

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13 be rescinded by the district board at any time in whole or in part.

14 5. Construct, remodel and repair buildings.

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

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

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

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

38 10. Name a building or a group of buildings that is located on a
39 community college campus on behalf of a person or entity that has made a
40 significant contribution of monies or other property to the community college
41 or the community college district.

42 11. Enter into research and development agreements, royalty agreements,
43 development agreements, licensing agreements and profit-sharing agreements
44 concerning the research, development, production, storing or marketing of new
45 products developed or to be developed through community college district
46 research.

1 administration and governance of such institutions, including those powers
2 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs
3 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section.
4 Any delegation of authority may be rescinded by the board at any time in
5 whole or in part.

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

9 3. Appoint and employ and determine the compensation of
10 vice-presidents, deans, professors, instructors, lecturers, fellows and such
11 other officers and employees with such power and authority and for such
12 purposes in connection with the operation of the institutions as the board
13 deems necessary, or delegate its authority pursuant to paragraph 1 of this
14 subsection.

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

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

1 paragraph 13 of this subsection shall be deposited, pursuant to sections
2 35-146 and 35-147. All other tuition and fee revenue shall be retained by
3 each university for expenditure as approved by the board, except that the
4 universities shall not use any tuition or fee revenue to fund or support an
5 alumni association.

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

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

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

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

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

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

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

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

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

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

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

45 12. Employ for such time and purposes as the board requires attorneys
46 whose compensation shall be fixed and paid by the board. Litigation to which

1 the board is a party and for which self-insurance is not provided may be
2 compromised or settled at the direction of the board.

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

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

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

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

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

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

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

40 (i) The transfer of student records.

41 (ii) Awarding credit for completed course work.

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

45 (b) Include appropriate criteria developed by the state board of
46 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 20. In consultation with the community college districts in this state,
5 develop and implement common equivalencies for specific levels of achievement
6 on advanced placement examinations and international baccalaureate
7 examinations in order to award commensurate postsecondary academic credits at
8 community colleges and public universities in this state.

9 21. On or before August 1 of each year, report to the joint legislative
10 budget committee the graduation rate by university campus during the previous
11 fiscal year. The board shall also report the retention rate by university
12 campus and by class, as determined by date of entry during the previous
13 fiscal year.

14 B. The board shall adopt personnel policies for all employees of the
15 board and the universities.

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

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

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

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

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

37 H. The board may establish a program for the exchange of students
38 between the universities under the jurisdiction of the board and colleges and
39 universities located in the state of Sonora, Mexico. Notwithstanding
40 subsection A, paragraph 5 of this section, the program may provide for
41 in-state tuition at the universities under the jurisdiction of the board for
42 fifty Sonoran students in exchange for similar tuition provisions for up to
43 fifty Arizona students enrolled or seeking enrollment in Sonoran colleges or
44 universities. The board may direct the universities to work in conjunction
45 with the Arizona-Mexico commission to coordinate recruitment and admissions
46 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 J. ~~On or before July 1, 2012,~~ The Arizona board of regents, in
6 collaboration with the universities under its jurisdiction, shall adopt a
7 performance funding model. The performance funding model shall use
8 performance metrics that include the increase in degrees awarded, the
9 increase in completed student credit hours and the increase in externally
10 generated research and public service funding. The funding formula may give
11 added weight to degrees related to science, technology, engineering and
12 mathematics and other high-value degrees that are in short supply or that are
13 essential to this state's long-term economic development strategy.

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

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

- 21 1. Long-term notes and obligations.
- 22 2. Certificates of participation and other obligations pursuant to any
23 lease-purchase agreements.
- 24 3. Revenue bonds.
- 25 4. Bonds issued pursuant to section 15-1682.03.

26 M. The report issued pursuant to subsection L of this section shall
27 contain, for the most recent fiscal year:

- 28 1. The aggregate level of outstanding principal and the principal and
29 interest payments, by type of debt or obligation.
- 30 2. An itemization, by campus and project, of the amount of yearly
31 principal and interest to be paid in the most recent and the next five fiscal
32 years.

33 N. THE BOARD MAY ENTER INTO AN INTERGOVERNMENTAL AGREEMENT PURSUANT TO
34 SECTION 15-1747 TO MANAGE UNIVERSITIES UNDER ITS JURISDICTION SUBJECT TO THE
35 TERMS OF THE RECIPROCITY AGREEMENT.

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

39 Sec. 3. Title 15, chapter 13, article 8, Arizona Revised Statutes, is
40 amended by adding section 15-1747, to read:

41 15-1747. Reciprocity agreements for distance education;
42 definition

43 A. THE ARIZONA BOARD OF REGENTS, COMMUNITY COLLEGE DISTRICTS AND THE
44 STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION, THROUGH INTERGOVERNMENTAL
45 AGREEMENT, MAY ENTER INTO AN INTERSTATE RECIPROCITY AGREEMENT FOR THE PURPOSE
46 OF MANAGING POSTSECONDARY DISTANCE EDUCATION.

1 B. THE INTERGOVERNMENTAL AGREEMENT PURSUANT TO SUBSECTION A OF THIS
2 SECTION, AT A MINIMUM, MUST IDENTIFY THE PROCESS FOR THE APPLICATION TO
3 PARTICIPATE IN THE INTERSTATE RECIPROCITY AGREEMENT AND BE ADMINISTERED
4 JOINTLY BY REPRESENTATIVES FROM THE ARIZONA BOARD OF REGENTS, REPRESENTATIVES
5 FROM THE STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION AND REPRESENTATIVES
6 FROM A COMMUNITY COLLEGE DISTRICT IN THIS STATE. THE TERMS OF THE
7 INTERGOVERNMENTAL AGREEMENT SHALL BE AGREED TO UNANIMOUSLY BY THE ARIZONA
8 BOARD OF REGENTS, THE STATE BOARD FOR PRIVATE POSTSECONDARY EDUCATION AND A
9 COMMUNITY COLLEGE DISTRICT IN THIS STATE.

10 C. THE RESPONSIBILITIES DESIGNATED THROUGH INTERGOVERNMENTAL AGREEMENT
11 PURSUANT TO SUBSECTION A OF THIS SECTION MUST BE LIMITED TO THE
12 ADMINISTRATION OF THE DISTANCE EDUCATION RECIPROCITY AGREEMENT FOR
13 PARTICIPATING POSTSECONDARY INSTITUTIONS THAT HAVE A PRINCIPAL PLACE OF
14 BUSINESS IN THIS STATE.

15 D. FOR THE PURPOSES OF THIS SECTION, "POSTSECONDARY INSTITUTION" MEANS
16 ANY ACCREDITED, DEGREE-GRANTING PUBLIC OR PRIVATE UNIVERSITY OR COLLEGE
17 LOCATED IN THIS STATE, ANY ACCREDITED DEGREE-GRANTING COMMUNITY COLLEGE
18 LOCATED IN THIS STATE AND ANY ACCREDITED DEGREE-GRANTING COLLEGE OR
19 UNIVERSITY LOCATED ON AND OPERATED BY A FEDERALLY RECOGNIZED INDIAN TRIBE.

20 Sec. 4. Section 32-3003, Arizona Revised Statutes, is amended to read:

21 32-3003. Powers and duties

22 A. The board shall:

23 1. Annually select a chairman from among its members.

24 2. Meet at least four times a year.

25 3. Adopt rules which are necessary or proper for the administration of
26 this chapter.

27 4. Administer and enforce this chapter and rules adopted pursuant to
28 this chapter.

29 5. Establish minimum standards for private vocational program
30 licensure requirements.

31 6. Adopt an official seal for attestation of licenses or other
32 official papers and documents.

33 7. Consider and pass upon applications for private vocational program
34 licenses and licenses to grant degrees.

35 8. Hear and pass upon complaints or charges.

36 9. Compel attendance of witnesses, administer oaths and take testimony
37 concerning all matters coming within its jurisdiction.

38 10. Keep a record of its proceedings.

39 11. Keep a register which shows the date of each application for a
40 private vocational program license, qualifications and place of business of
41 the applicant and disposition of the application.

42 12. Keep a register which shows the date of each application for a
43 license to grant degrees, qualifications and place of business of the
44 applicant and disposition of the application.

1 13. Maintain a list of institutions licensed pursuant to this chapter
2 which is open to public inspection at all reasonable times. The board shall
3 give a copy of the list to any person who requests it.

4 14. Engage in a full exchange of information with other regulatory
5 boards, governmental agencies, accrediting agencies and the United States
6 department of education.

7 15. Do other things necessary to carry out the purposes of this
8 chapter.

9 B. The board may:

10 1. Subject to title 41, chapter 4, article 4, employ personnel it
11 deems necessary to carry out the purposes of this chapter and designate their
12 duties. These duties may include considering and passing on license
13 applications, considering and passing on complaints or charges, making
14 investigations, compelling attendance of witnesses and issuing official
15 papers and documents.

16 2. Make investigations, hold hearings and make decisions to enforce
17 this chapter.

18 3. Issue subpoenas to compel the attendance of witnesses and the
19 production of documents and administer oaths, take testimony, hear proof and
20 receive exhibits in evidence.

21 4. Accept and spend federal monies and private grants, gifts,
22 contributions and devises to assist in carrying out the purposes of this
23 chapter. These monies do not revert to the state general fund at the end of
24 a fiscal year.

25 5. ENTER INTO AN INTERGOVERNMENTAL AGREEMENT PURSUANT TO SECTION
26 15-1747 TO MANAGE PRIVATE POSTSECONDARY INSTITUTIONS IN THIS STATE SUBJECT TO
27 THE TERMS OF THE RECIPROCITY AGREEMENT.

28 Sec. 5. Emergency

29 This act is an emergency measure that is necessary to preserve the
30 public peace, health or safety and is operative immediately as provided by
31 law.

APPROVED BY THE GOVERNOR APRIL 23, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 24, 2014.