

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HOUSE BILL 2797

AN ACT

AMENDING SECTIONS 15-203, 15-1444 AND 15-1626, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 15, CHAPTER 14, ARTICLE 5, ARIZONA REVISED STATUTES, TO "K-20 COORDINATING COUNCIL"; REPEALING SECTION 15-1851, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 14, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 15-1851; AMENDING SECTIONS 15-1852, 15-1853, 15-1854, 15-1871, 15-1872, 15-1873, 15-1874, 15-1875, 15-1878 AND 15-1879, ARIZONA REVISED STATUTES; REPEALING SECTION 41-3008.14, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3016.01; AMENDING SECTION 43-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 316, SECTION 3 AND CHAPTER 317, SECTION 11; REPEALING SECTION 43-1021, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 292, SECTION 2; AMENDING SECTION 43-1022, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO THE K-20 COORDINATING COUNCIL.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-203, Arizona Revised Statutes, is amended to
3 read:
4 15-203. Powers and duties
5 A. The state board of education shall:
6 1. Exercise general supervision over and regulate the conduct of the
7 public school system and adopt any rules and policies it deems necessary to
8 accomplish this purpose.
9 2. Keep a record of its proceedings.
10 3. Make rules for its own government.
11 4. Determine the policy and work undertaken by it.
12 5. Appoint its employees, on the recommendation of the superintendent
13 of public instruction.
14 6. Prescribe the duties of its employees if not prescribed by statute.
15 7. Delegate to the superintendent of public instruction the execution
16 of board policies and rules.
17 8. Recommend to the legislature changes or additions to the statutes
18 pertaining to schools.
19 9. Prepare, publish and distribute reports concerning the educational
20 welfare of this state.
21 10. Prepare a budget for expenditures necessary for proper maintenance
22 of the board and accomplishment of its purposes and present the budget to the
23 legislature.
24 11. Aid in the enforcement of laws relating to schools.
25 12. Prescribe a minimum course of study in the common schools, minimum
26 competency requirements for the promotion of pupils from the third grade and
27 minimum course of study and competency requirements for the promotion of
28 pupils from the eighth grade. The state board of education shall prepare a
29 fiscal impact statement of any proposed changes to the minimum course of
30 study or competency requirements and, on completion, shall send a copy to the
31 director of the joint legislative budget committee and the executive director
32 of the school facilities board. The state board of education shall not adopt
33 any changes in the minimum course of study or competency requirements in
34 effect on July 1, 1998 that will have a fiscal impact on school capital
35 costs.
36 13. Prescribe minimum course of study and competency requirements for
37 the graduation of pupils from high school. The state board of education
38 shall prepare a fiscal impact statement of any proposed changes to the
39 minimum course of study or competency requirements and, on completion, shall
40 send a copy to the director of the joint legislative budget committee and the
41 executive director of the school facilities board. The state board of
42 education shall not adopt any changes in the minimum course of study or
43 competency requirements in effect on July 1, 1998 that will have a fiscal
44 impact on school capital costs.

1 14. Supervise and control the certification of persons engaged in
2 instructional work directly as any classroom, laboratory or other teacher or
3 indirectly as a supervisory teacher, speech therapist, principal or
4 superintendent in a school district, including school district preschool
5 programs, or any other educational institution below the community college,
6 college or university level, and prescribe rules for certification, including
7 rules for certification of teachers who have teaching experience and who are
8 trained in other states, which are not unnecessarily restrictive and are
9 substantially similar to the rules prescribed for the certification of
10 teachers trained in this state. Until July 1, 2006, the rules shall require
11 applicants for all certificates for common school instruction to complete a
12 minimum of forty-five classroom hours or three college level credit hours, or
13 the equivalent, of training in research based systematic phonics instruction
14 from a public or private provider. The rules shall not require a teacher to
15 obtain a master's degree or to take any additional graduate courses as a
16 condition of certification or recertification. The rules shall allow a
17 general equivalency diploma to be substituted for a high school diploma in
18 the certification of emergency substitute teachers.

19 15. Adopt a list of approved tests for determining special education
20 assistance to gifted pupils as defined in and as provided in chapter 7,
21 article 4.1 of this title. The adopted tests shall provide separate scores
22 for quantitative reasoning, verbal reasoning and nonverbal reasoning and
23 shall be capable of providing reliable and valid scores at the highest ranges
24 of the score distribution.

25 16. Adopt rules governing the methods for the administration of all
26 proficiency examinations.

27 17. Adopt proficiency examinations for its use. The state board of
28 education shall determine the passing score for the proficiency examination.

29 18. Include within its budget the cost of contracting for the purchase,
30 distribution and scoring of the examinations as provided in paragraphs 16 and
31 17 of this subsection.

32 19. Supervise and control the qualifications of professional
33 nonteaching school personnel and prescribe standards relating to
34 qualifications.

35 20. Impose such disciplinary action, including the issuance of a letter
36 of censure, suspension, suspension with conditions or revocation of a
37 certificate, upon a finding of immoral or unprofessional conduct.

38 21. Establish an assessment, data gathering and reporting system for
39 pupil performance as prescribed in chapter 7, article 3 of this title.

40 22. Adopt a rule to promote braille literacy pursuant to section
41 15-214.

42 23. Adopt rules prescribing procedures for the investigation by the
43 department of education of every written complaint alleging that a
44 certificated person has engaged in immoral conduct.

1 24. For purposes of federal law, serve as the state board for
2 vocational and technological education and meet at least four times each year
3 solely to execute the powers and duties of the state board for vocational and
4 technological education.

5 25. Develop and maintain a handbook for use in the schools of this
6 state that provides guidance for the teaching of moral, civic and ethical
7 education. The handbook shall promote existing curriculum frameworks and
8 shall encourage school districts to recognize moral, civic and ethical values
9 within instructional and programmatic educational development programs for
10 the general purpose of instilling character and ethical principles in pupils
11 in kindergarten programs and grades one through twelve.

12 26. Require pupils to recite the following passage from the declaration
13 of independence for pupils in grades four through six at the commencement of
14 the first class of the day in the schools, except that a pupil shall not be
15 required to participate if the pupil or the pupil's parent or guardian
16 objects:

17 We hold these truths to be self-evident, that all men are
18 created equal, that they are endowed by their creator with
19 certain unalienable rights, that among these are life, liberty
20 and the pursuit of happiness. That to secure these rights,
21 governments are instituted among men, deriving their just powers
22 from the consent of the governed. . . .

23 27. Adopt rules that provide for teacher certification reciprocity.
24 The rules shall provide for a one year reciprocal teaching certificate with
25 minimum requirements including valid teacher certification from a state with
26 substantially similar criminal history or teacher fingerprinting requirements
27 and proof of the submission of an application for a fingerprint clearance
28 card pursuant to title 41, chapter 12, article 3.1.

29 28. Adopt rules that will be in effect until December 31, 2006 and that
30 provide for the presentation of an honorary high school diploma to a person
31 who has never obtained a high school diploma and who meets each of the
32 following requirements:

33 (a) Is at least sixty-five years of age.

34 (b) Currently resides in this state.

35 (c) Provides documented evidence from the Arizona department of
36 veterans' services that the person enlisted in the armed forces of the United
37 States before completing high school in a public or private school.

38 (d) Was honorably discharged from service with the armed forces of the
39 United States.

40 29. Cooperate with the Arizona-Mexico commission in the governor's
41 office and with researchers at universities in this state to collect data and
42 conduct projects in the United States and Mexico on issues that are within
43 the scope of the duties of the department of education and that relate to
44 quality of life, trade and economic development in this state in a manner

1 that will help the Arizona-Mexico commission to assess and enhance the
2 economic competitiveness of this state and of the Arizona-Mexico region.

3 30. Adopt rules to define and provide guidance to schools as to the
4 activities that would constitute immoral or unprofessional conduct of
5 certificated persons.

6 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven
7 and twelve to volunteer for twenty hours of community service before
8 graduation from high school. A school district that complies with the
9 guidelines adopted pursuant to this paragraph is not liable for damages
10 resulting from a pupil's participation in community service unless the school
11 district is found to have demonstrated wanton or reckless disregard for the
12 safety of the pupil and other participants in community service. For the
13 purposes of this paragraph, "community service" may include service learning.
14 The guidelines shall include the following:

15 (a) A list of the general categories in which community service may be
16 performed.

17 (b) A description of the methods by which community service will be
18 monitored.

19 (c) A consideration of risk assessment for community service projects.

20 (d) Orientation and notification procedures of community service
21 opportunities for pupils entering grade nine including the development of a
22 notification form. The notification form shall be signed by the pupil and
23 the pupil's parent or guardian, except that a pupil shall not be required to
24 participate in community service if the parent or guardian notifies the
25 principal of the pupil's school in writing that the parent or guardian does
26 not wish the pupil to participate in community service.

27 (e) Procedures for a pupil in grade nine to prepare a written proposal
28 that outlines the type of community service that the pupil would like to
29 perform and the goals that the pupil hopes to achieve as a result of
30 community service. The pupil's written proposal shall be reviewed by a
31 faculty advisor, a guidance counselor or any other school employee who is
32 designated as the community service program coordinator for that school. The
33 pupil may alter the written proposal at any time before performing community
34 service.

35 (f) Procedures for a faculty advisor, a guidance counselor or any
36 other school employee who is designated as the community service program
37 coordinator to evaluate and certify the completion of community service
38 performed by pupils.

39 32. IN COLLABORATION WITH THE K-20 COORDINATING COUNCIL ESTABLISHED BY
40 SECTION 15-1851, DETERMINE THE SCOPE AND FORMAT OF THE INFORMATION REQUIRED
41 TO BE SUBMITTED AND SUBMIT AN ANNUAL REPORT BY JULY 15 TO THE K-20
42 COORDINATING COUNCIL THAT CONTAINS ALL PERTINENT DATA AND INFORMATION
43 REQUIRED BY THE K-20 COORDINATING COUNCIL TO CARRY OUT THE PURPOSES
44 PRESCRIBED IN CHAPTER 14, ARTICLE 5 OF THIS TITLE. COPIES OF THIS REPORT

1 SHALL BE PROVIDED TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA
2 STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

3 B. The state board of education may:

4 1. Contract.

5 2. Sue and be sued.

6 3. Distribute and score the tests prescribed in chapter 7, article 3
7 of this title.

8 4. Provide for an advisory committee to conduct hearings and
9 screenings to determine whether grounds exist to impose disciplinary action
10 against a certificated person, whether grounds exist to reinstate a revoked
11 or surrendered certificate and whether grounds exist to approve or deny an
12 initial application for certification or a request for renewal of a
13 certificate. The board may delegate its responsibility to conduct hearings
14 and screenings to its advisory committee. Hearings shall be conducted
15 pursuant to title 41, chapter 6, article 6.

16 5. Proceed with the disposal of any complaint requesting disciplinary
17 action or with any disciplinary action against a person holding a certificate
18 as prescribed in subsection A, paragraph 14 of this section after the
19 suspension or expiration of the certificate or surrender of the certificate
20 by the holder.

21 6. Assess costs and reasonable attorney fees against a person who
22 files a frivolous complaint or who files a complaint in bad faith. Costs
23 assessed pursuant to this paragraph shall not exceed the expenses incurred by
24 the state board in the investigation of the complaint.

25 Sec. 2. Section 15-1444, Arizona Revised Statutes, is amended to read:

26 15-1444. General powers and duties of district governing boards

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

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

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

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

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

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

39 6. Appoint and employ a chancellor or chancellors, vice-chancellors, a
40 president or presidents, vice-presidents, deans, professors, instructors,
41 lecturers, fellows and such other officers and employees it deems
42 necessary. The district board may enter into employment contracts with
43 chancellors, vice-chancellors and presidents for a duration of more than one
44 year but not more than five years.

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

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

3 9. Award degrees, certificates and diplomas upon the completion of
4 courses and curriculum as it deems appropriate.

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

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

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

19 13. IN COLLABORATION WITH THE K-20 COORDINATING COUNCIL ESTABLISHED BY
20 SECTION 15-1851, DETERMINE THE SCOPE AND FORMAT OF THE INFORMATION REQUIRED
21 TO BE SUBMITTED AND SUBMIT AN ANNUAL REPORT BY JULY 15 TO THE K-20
22 COORDINATING COUNCIL THAT CONTAINS ALL PERTINENT DATA AND INFORMATION
23 REQUIRED BY THE K-20 COORDINATING COUNCIL TO CARRY OUT THE PURPOSES
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25 SHALL BE PROVIDED TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA
26 STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

27 14. PROVIDE A COPY TO THE K-20 COORDINATING COUNCIL OF EVERY REPORT
28 THAT THE COMMUNITY COLLEGE DISTRICT IS REQUIRED TO SUBMIT BY LAW.

29 B. The district board may:

30 1. Administer trusts declared or created for the district and receive
31 by gift or devise and hold in trust or otherwise property wheresoever
32 located, and if not otherwise provided, dispose of the property for the
33 benefit of the district.

34 2. Lease real property, as lessor or as lessee. If a district is the
35 lessee, the lease may contain an option to purchase the property. The
36 district board may adopt policies as are deemed necessary and may delegate in
37 writing to the chancellor or president of the district, or their designees,
38 all or any part of its authority to lease property under this paragraph. A
39 district board shall not delegate the authority to execute a lease that
40 exceeds one hundred thousand dollars per year. Any delegation by the
41 district board pursuant to this paragraph may be rescinded in whole or in
42 part at any time by the district board.

43 3. Sue and be sued.

44 4. Contract. The district board may adopt such policies as are deemed
45 necessary and may delegate in writing to the chancellor or president of the

1 district, or their designees, all or any part of its authority to contract
2 under this paragraph. Any delegation of authority under this paragraph may
3 be rescinded by the district board at any time in whole or in part.

4 5. Construct, remodel and repair buildings.

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

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

11 8. Accept grants or donations of monies from the United States, or
12 from any of its agencies, departments or officers, or from persons,
13 corporations, foundations or associations. A district board shall deposit
14 the monies into a specific fund or account and a district board shall
15 administer the monies in accordance with the purpose of the grant or donation
16 with specific policies or restrictions as described or stipulated in the
17 grant or donation. In the case of personal property granted or donated to or
18 for the benefit of a community college district, a district board shall
19 immediately transfer possession and ownership of the property to the
20 designated district.

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

28 C. If a district acquires real or personal property, whether by
29 purchase, exchange, condemnation, gift or otherwise, the district shall pay
30 to the county treasurer any taxes on the property that were unpaid as of the
31 date of acquisition, including penalties and interest. The lien for unpaid
32 delinquent taxes, penalties and interest on property acquired by the
33 district:

34 1. Is not abated, extinguished, discharged or merged in the title to
35 the property.

36 2. Is enforceable in the same manner as other delinquent tax liens.

37 D. From and after December 31, 1988, in a district whose boundaries
38 encompass a vehicle emissions control area as defined in section 49-541, the
39 district board shall require all out-of-county and out-of-state students to
40 sign an affidavit at the time of course registration that the student's
41 vehicle meets the requirements of section 49-542. From and after December
42 31, 1988, the district board on property under its jurisdiction within a
43 vehicle emissions control area shall prohibit the parking of those vehicles
44 which fail to comply with section 49-542.

1 E. A community college district and a joint technological education
2 district governing board may enter into agreements for the provision of
3 administrative, operational and educational services and facilities.

4 F. Each district may establish a program for the exchange of students
5 between the community colleges under its jurisdiction and colleges and
6 universities located in Sonora, Mexico. The program may provide for in-state
7 tuition for Sonora students at the community colleges under ~~its~~ THE
8 jurisdiction OF THE DISTRICT in exchange for similar tuition provisions for
9 Arizona students enrolled or seeking enrollment in Sonora colleges and
10 universities. The community colleges may work in conjunction with the
11 Arizona-Mexico commission in the governor's office to coordinate recruitment
12 and admissions activities to provide for in-state tuition for up to fifty
13 Sonora students at the community colleges under ~~its~~ THE jurisdiction OF THE
14 DISTRICT in exchange for similar tuition provisions for up to fifty total
15 Arizona students enrolled or seeking enrollment in Sonora colleges and
16 universities.

17 G. Each district shall facilitate transfer articulation coordination
18 pursuant to section 15-1824.

19 Sec. 3. Section 15-1626, Arizona Revised Statutes, is amended to read:
20 15-1626. General administrative powers and duties of board

21 A. The board shall:

22 1. Have and exercise the powers necessary for the effective governance
23 and administration of the institutions under its control. To that end, the
24 board may adopt, and authorize each university to adopt, such regulations,
25 policies, rules or measures as are deemed necessary and may delegate in
26 writing to its committees, to its university presidents, or their designees,
27 or to other entities under its control, any part of its authority for the
28 administration and governance of such institutions, including those powers
29 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs
30 3, 4, 7, 8, 10 and 11 of this subsection and subsection B of this
31 section. Any delegation of authority may be rescinded by the board at any
32 time in whole or in part.

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

36 3. Appoint and employ and determine the compensation of
37 vice-presidents, deans, professors, instructors, lecturers, fellows and such
38 other officers and employees with such power and authority and for such
39 purposes in connection with the operation of the institutions as the board
40 deems necessary, or delegate its authority pursuant to paragraph 1 of this
41 subsection.

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

44 5. Fix tuitions and fees to be charged and differentiate the tuitions
45 and fees between institutions and between residents, nonresidents,

1 undergraduate students, graduate students, students from foreign countries
2 and students who have earned credit hours in excess of the credit hour
3 threshold, except students whose chosen program requires for a degree
4 additional credit hours above the credit hour threshold. For the purposes of
5 this paragraph, the credit hour threshold is one hundred fifty-five hours in
6 fiscal year 2006-2007, one hundred fifty hours in fiscal year 2007-2008 and
7 one hundred forty-five hours after fiscal year 2007-2008. The amount of
8 tuition, registration fees and other revenues included in the operating
9 budget for the university adopted by the board as prescribed in paragraph 12
10 of this subsection shall be deposited, pursuant to sections 35-146 and
11 35-147. All other tuition and fee revenue shall be retained by each
12 university for expenditure as approved by the board. Except as provided in
13 subsection H of this section, the Arizona board of regents shall adopt rules
14 to govern its tuition and fee setting process that provide for the following:

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

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

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

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

26 The procedural requirements of subdivisions (a), (b), (c) and (d) apply only
27 to those changes in tuition or fees that require board approval.

28 6. Pursuant to section 35-115, submit a budget request for each
29 institution under its jurisdiction that includes the estimated tuition and
30 fee revenue available to support the programs of the institution as described
31 in the budget request. The estimated available tuition and fee revenue shall
32 be based on the tuition and registration fee rates in effect at the time the
33 budget request is submitted with adjustments for projected changes in
34 enrollment as provided by the board.

35 7. Establish curriculums and designate courses at the several
36 institutions which in its judgment will best serve the interests of this
37 state.

38 8. Award such degrees and diplomas upon the completion of such courses
39 and curriculum requirements as it deems appropriate.

40 9. Prescribe qualifications for admission of all students to the
41 universities. The board shall establish policies for guaranteed admission
42 that assure fair and equitable access to students in this state from public,
43 private, charter and home schools. For the purpose of determining the
44 qualifications of honorably discharged veterans, veterans are those persons
45 who served in the armed forces for a minimum of two years and who were

1 previously enrolled at a university or community college in this state. No
2 prior failing grades received by the veteran at the university or community
3 college in this state may be considered.

4 10. Adopt any energy conservation standards promulgated by the
5 department of administration for the construction of new buildings.

6 11. Employ for such time and purposes as the board requires attorneys
7 whose compensation shall be fixed and paid by the board. Litigation to which
8 the board is a party and for which self-insurance is not provided may be
9 compromised or settled at the direction of the board.

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

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

25 14. Require the publisher of each literary and nonliterary textbook
26 used in the universities of this state to furnish computer software in a
27 standardized format when software becomes available for nonliterary
28 textbooks, to the Arizona board of regents from which braille versions of the
29 textbooks may be produced.

30 15. Require universities that provide a degree in education to require
31 courses that are necessary to obtain a provisional structured English
32 immersion endorsement as prescribed by the state board of education.

33 16. IN COLLABORATION WITH THE K-20 COORDINATING COUNCIL ESTABLISHED BY
34 SECTION 15-1851, DETERMINE THE SCOPE AND FORMAT OF THE INFORMATION REQUIRED
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39 SHALL BE PROVIDED TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA
40 STATE LIBRARY, ARCHIVES AND PUBLIC RECORDS.

41 B. The board shall adopt personnel rules. All nonacademic employees
42 of the universities are subject to these rules except for university
43 presidents, university vice-presidents, university deans, legal counsel and
44 administrative officers. The personnel rules shall be similar to the
45 personnel rules under section 41-783. The rules shall include provisions for

1 listing available positions with the department of economic security,
2 competitive employment processes for applicants, probationary status for new
3 nonacademic employees, nonprobationary status on successful completion of
4 probation and due process protections of nonprobationary employees after
5 discharge. The board shall provide notice of proposed rule adoption and an
6 opportunity for public comment on all personnel rules proposed for adoption.

7 C. The ~~Arizona~~ board ~~of regents~~ may employ legal assistance in
8 procuring loans for the institutions from the United States government. Fees
9 or compensation paid for such legal assistance shall not be a claim upon the
10 general fund of this state but shall be paid from funds of the institutions.

11 D. The board shall approve or disapprove any contract or agreement
12 entered into by the university of Arizona hospital with the Arizona health
13 facilities authority.

14 E. The board may adopt policies which authorize the institutions under
15 its jurisdiction to enter into employment contracts with nontenured employees
16 for periods of more than one year but not more than five years. The policies
17 shall prescribe limitations on the authority of the institutions to enter
18 into employment contracts for periods of more than one year but not more than
19 five years, including the requirement that the board approve the contracts.

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

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

33 H. Subsection A, paragraph 5, subdivisions (a), (b), (c) and (d) of
34 this section do not apply to fee increases that are set by individual
35 universities and that do not require approval by the Arizona board of regents
36 before the fee increase becomes effective.

37 Sec. 4. Heading change

38 The article heading of title 15, chapter 14, article 5, Arizona Revised
39 Statutes, is changed from "COMMISSION FOR POSTSECONDARY EDUCATION" to "K-20
40 COORDINATING COUNCIL".

41 Sec. 5. Repeal

42 Section ~~15-1851~~, Arizona Revised Statutes, is repealed.

1 Sec. 6. Title 15, chapter 14, article 5, Arizona Revised Statutes, is
2 amended by adding a new section 15-1851, to read:

3 15-1851. K-20 coordinating council; members; terms; powers and
4 duties; compensation; personal liability; definition

5 A. THE K-20 COORDINATING COUNCIL IS ESTABLISHED FOR THE PURPOSE OF
6 PROMOTING A SEAMLESS EDUCATIONAL SYSTEM IN THIS STATE, TO REVIEW CURRENT
7 PERFORMANCE MEASURES FOR PUBLIC COMMUNITY COLLEGES, PUBLIC UNIVERSITIES AND
8 PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTIONS, TO IDENTIFY, ALIGN AND
9 STANDARDIZE COMMON PERFORMANCE MEASURES, TO RECOMMEND NEW PERFORMANCE
10 MEASURES AND TO IMPROVE ARTICULATION AND COORDINATION AMONG ALL SECTORS OF
11 EDUCATION IN THIS STATE. THE COUNCIL SHALL CONSIST OF THE FOLLOWING MEMBERS
12 WHO SHALL BE APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211:

13 1. TWO MEMBERS WHO REPRESENT THE COMMUNITY COLLEGE SYSTEM. AT LEAST
14 ONE MEMBER APPOINTED PURSUANT TO THIS PARAGRAPH SHALL RESIDE IN A COUNTY WITH
15 A POPULATION OF FEWER THAN EIGHT HUNDRED THOUSAND PERSONS. THE COMMUNITY
16 COLLEGE DISTRICTS IN THIS STATE MAY SUBMIT A LIST OF NOMINEES TO THE GOVERNOR
17 FOR APPOINTMENT PURSUANT TO THIS PARAGRAPH.

18 2. TWO MEMBERS WHO REPRESENT THE PRIVATE POSTSECONDARY EDUCATIONAL
19 INSTITUTIONS THAT ARE LICENSED UNDER TITLE 32, CHAPTER 30. THESE
20 INSTITUTIONS MAY SUBMIT A LIST OF NOMINEES TO THE GOVERNOR FOR APPOINTMENT
21 PURSUANT TO THIS PARAGRAPH.

22 3. TWO MEMBERS WHO REPRESENT THE UNIVERSITIES UNDER THE JURISDICTION
23 OF THE ARIZONA BOARD OF REGENTS. THE BOARD MAY SUBMIT A LIST OF NOMINEES TO
24 THE GOVERNOR FOR APPOINTMENT PURSUANT TO THIS PARAGRAPH.

25 4. TWO MEMBERS WHO REPRESENT THE PRIMARY AND SECONDARY PUBLIC SCHOOL
26 SYSTEM IN THIS STATE. ONE MEMBER APPOINTED PURSUANT TO THIS PARAGRAPH SHALL
27 RESIDE IN A COUNTY WITH A POPULATION OF FEWER THAN EIGHT HUNDRED THOUSAND
28 PERSONS AND THE OTHER MEMBER APPOINTED PURSUANT TO THIS PARAGRAPH SHALL
29 RESIDE IN A COUNTY WITH A POPULATION OF AT LEAST EIGHT HUNDRED THOUSAND
30 PERSONS. ONE MEMBER APPOINTED PURSUANT TO THIS PARAGRAPH SHALL BE AN OWNER,
31 OPERATOR OR EMPLOYEE OF A CHARTER SCHOOL IN THIS STATE. THE SCHOOL DISTRICTS
32 AND CHARTER SCHOOLS IN THIS STATE MAY SUBMIT A LIST OF NOMINEES TO THE
33 GOVERNOR FOR APPOINTMENT PURSUANT TO THIS PARAGRAPH.

34 5. ONE STUDENT WHO IS ENROLLED IN EITHER A PUBLIC COMMUNITY COLLEGE
35 UNDER THE JURISDICTION OF A COMMUNITY COLLEGE DISTRICT, A UNIVERSITY UNDER
36 THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS OR A PRIVATE POSTSECONDARY
37 EDUCATIONAL INSTITUTION THAT IS LICENSED UNDER TITLE 32, CHAPTER 30. EACH
38 YEAR THE GOVERNOR SHALL DESIGNATE ON A ROTATION BASIS A PUBLIC COMMUNITY
39 COLLEGE UNDER THE JURISDICTION OF A COMMUNITY COLLEGE DISTRICT, A UNIVERSITY
40 UNDER THE JURISDICTION OF THE ARIZONA BOARD OF REGENTS OR A PRIVATE
41 POSTSECONDARY EDUCATIONAL INSTITUTION THAT IS LICENSED UNDER TITLE 32,
42 CHAPTER 30 TO SUBMIT A LIST OF NOMINEES FOR THE POSITION OF STUDENT MEMBER.
43 THE ASSOCIATED STUDENTS' ORGANIZATION OF THE DESIGNATED COMMUNITY COLLEGE,
44 UNIVERSITY OR PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTION, BY MAJORITY VOTE
45 OF ITS GOVERNING BODY, SHALL SELECT THREE NOMINEES FOR STUDENT MEMBER. THE

1 GOVERNOR SHALL CONSIDER THE THREE NOMINEES WHEN MAKING THE APPOINTMENT OF THE
2 STUDENT MEMBER BUT MAY APPOINT ANY QUALIFIED STUDENT. THE GOVERNOR MAY
3 REMOVE THE STUDENT MEMBER FOR CAUSE.

4 6. A MEMBER WHO REPRESENTS THE TAXPAYERS OF THIS STATE. STATEWIDE
5 ORGANIZATIONS THAT ARE DEVOTED TO TAXATION ISSUES MAY SUBMIT A LIST OF NOMINEES
6 TO THE GOVERNOR FOR APPOINTMENT PURSUANT TO THIS PARAGRAPH.

7 7. TWO MEMBERS WHO REPRESENT THE BUSINESS COMMUNITY IN THIS STATE.
8 ONE MEMBER APPOINTED PURSUANT TO THIS PARAGRAPH SHALL RESIDE IN A COUNTY WITH
9 A POPULATION OF FEWER THAN EIGHT HUNDRED THOUSAND PERSONS AND THE OTHER
10 MEMBER APPOINTED PURSUANT TO THIS PARAGRAPH SHALL RESIDE IN A COUNTY WITH A
11 POPULATION OF AT LEAST EIGHT HUNDRED THOUSAND PERSONS. THE BUSINESS
12 COMMUNITY MAY SUBMIT A LIST OF NOMINEES TO THE GOVERNOR FOR APPOINTMENT
13 PURSUANT TO THIS PARAGRAPH.

14 B. THE GOVERNOR OR THE GOVERNOR'S DESIGNEE, THE SUPERINTENDENT OF
15 PUBLIC INSTRUCTION OR THE SUPERINTENDENT'S DESIGNEE, THE CHAIRPERSON OF THE
16 SENATE HIGHER EDUCATION COMMITTEE OR ITS SUCCESSOR COMMITTEE AND THE
17 CHAIRPERSON OF THE HOUSE OF REPRESENTATIVES UNIVERSITIES, COMMUNITY COLLEGES
18 AND TECHNOLOGY COMMITTEE OR ITS SUCCESSOR COMMITTEE SHALL BE EX OFFICIO
19 NONVOTING MEMBERS OF THE K-20 COORDINATING COUNCIL WHO SHALL NOT BE COUNTED
20 FOR THE PURPOSE OF DETERMINING THE PRESENCE OF A QUORUM.

21 C. THE COUNCIL SHALL:

22 1. APPOINT AN EXECUTIVE DIRECTOR WHO SHALL PERFORM DUTIES PRESCRIBED
23 BY THE COUNCIL. THE SALARY OF THE EXECUTIVE DIRECTOR SHALL BE DETERMINED BY
24 THE COUNCIL AND APPROVED BY THE GOVERNOR. THE EXECUTIVE DIRECTOR MAY HIRE
25 ADDITIONAL STAFF TO CARRY OUT THE PURPOSES OF THIS ARTICLE. THE SALARIES OF
26 COUNCIL STAFF SHALL BE ESTABLISHED BY THE EXECUTIVE DIRECTOR WITH THE
27 APPROVAL OF THE COUNCIL, SUBJECT TO LEGISLATIVE APPROPRIATION.

28 2. INCLUDE POLICY RECOMMENDATIONS THAT THE COUNCIL DEEMS APPROPRIATE
29 TO IMPROVE THE SYSTEM-WIDE TRANSFER OF COMMON GENERAL EDUCATION REQUIREMENTS
30 FOR ARTICULATION BETWEEN COMMUNITY COLLEGE DISTRICTS AND UNIVERSITIES ON OR
31 BEFORE JANUARY 31, 2010.

32 3. REVIEW CURRENT PERFORMANCE MEASURES FOR PUBLIC COMMUNITY COLLEGES,
33 PUBLIC UNIVERSITIES AND PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTIONS,
34 IDENTIFY, ALIGN AND STANDARDIZE COMMON PERFORMANCE MEASURES AND RECOMMEND NEW
35 PERFORMANCE MEASURES FOR THE K-20 EDUCATION SYSTEM IN THIS STATE FOR BOTH
36 PUBLIC AND PRIVATE EDUCATIONAL INSTITUTIONS

37 4. IDENTIFY NONFINANCIAL BARRIERS TO THE ATTAINMENT OF BACCALAUREATE
38 DEGREES AND MAKE RECOMMENDATIONS FOR REMOVING THOSE BARRIERS.

39 5. MAKE RECOMMENDATIONS ON HOW COMMUNITY COLLEGE DISTRICTS AND
40 UNIVERSITIES CAN PROVIDE CLEARLY DEFINED AND READILY ACCESSIBLE PATHWAYS FOR
41 ALL STUDENTS TO PURSUE BACCALAUREATE DEGREES.

42 6. DEVELOP POLICIES THAT FOSTER BETTER ALIGNMENT BETWEEN TWO-YEAR
43 POSTSECONDARY EDUCATIONAL PROGRAMS AND FOUR-YEAR POSTSECONDARY EDUCATIONAL
44 PROGRAMS.

1 7. ENCOURAGE REGIONAL AND NATIONAL ACCREDITING BODIES TO PROMOTE
2 TRANSFER AND ACCESS TO BACCALAUREATE PROGRAMS AS A STANDARD OF EXCELLENCE.
3 8. ADMINISTER THE APPLICABLE PROGRAMS IDENTIFIED UNDER SECTION 1203 OF
4 THE HIGHER EDUCATION ACT AMENDMENTS OF 1998 (P.L. 105-244), INCLUDING THE
5 LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP PROGRAM, THE FEDERAL FAMILY
6 EDUCATION LOAN PROGRAM AND THE PAUL DOUGLAS TEACHER SCHOLARSHIPS PROGRAM, AND
7 SUPERVISE THE STATE GUARANTEE AGENCY UNDER THE HIGHER EDUCATION ACT
8 AMENDMENTS OF 1998.
9 9. PROVIDE A FORUM FOR PUBLIC AND PRIVATE POSTSECONDARY EDUCATIONAL
10 INSTITUTIONS TO DISCUSS ISSUES OF MUTUAL INTEREST, INCLUDING THE FOLLOWING:
11 (a) THE POSTSECONDARY EDUCATION NEEDS OF UNSERVED AND UNDERSERVED
12 INDIVIDUALS IN THIS STATE.
13 (b) THE RESOURCES OF PUBLIC AND PRIVATE INSTITUTIONS, ORGANIZATIONS
14 AND AGENCIES THAT ARE LOCATED IN THIS STATE AND THAT ARE CAPABLE OF PROVIDING
15 POSTSECONDARY EDUCATION OPPORTUNITIES.
16 (c) ENROLLMENT DEMAND AND PUBLIC POLICY OPTIONS TO MEET STATEWIDE
17 NEEDS FOR POSTSECONDARY EDUCATION SERVICES.
18 (d) COOPERATIVE COMPREHENSIVE INSTRUCTIONAL AND CAPITAL PLANNING.
19 10. PROVIDE REPORTS PURSUANT TO THIS SUBSECTION ON DISCUSSIONS OF
20 ISSUES OF MUTUAL INTEREST.
21 11. COORDINATE AND PROMOTE COLLABORATIVE STUDIES ON ISSUES OF MUTUAL
22 INTEREST TO PUBLIC AND PRIVATE POSTSECONDARY EDUCATIONAL INSTITUTIONS.
23 12. COMPILE AND DISSEMINATE INFORMATION TO THE PUBLIC REGARDING
24 POSTSECONDARY EDUCATION OPPORTUNITIES IN THIS STATE.
25 13. PREPARE AN ANNUAL REPORT BY SEPTEMBER 1 THAT SUMMARIZES THE RESULTS
26 OF THE COUNCIL'S ACTIVITIES PRESCRIBED IN THIS SECTION AND SECTION 15-1852,
27 INCLUDING THE PROGRESS MADE TOWARD THE DUTIES PRESCRIBED IN THIS SECTION AND
28 THE OBSTACLES ENCOUNTERED IN ACHIEVING THOSE DUTIES. THE ANNUAL REPORT SHALL
29 BE SUBMITTED TO THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE PRESIDENT OF
30 THE SENATE AND THE GOVERNOR. COPIES OF THIS REPORT SHALL BE PROVIDED TO THE
31 SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE LIBRARY, ARCHIVES
32 AND PUBLIC RECORDS.
33 D. MEMBERS OF THE COUNCIL SHALL SERVE FOUR YEAR TERMS, BEGINNING ON
34 THE THIRD MONDAY IN JANUARY, EXCEPT THAT THE STUDENT MEMBER SHALL SERVE A ONE
35 YEAR TERM. NO APPOINTED MEMBER OF THE COUNCIL MAY SERVE MORE THAN TWO
36 CONSECUTIVE TERMS. VACANCIES ON THE COUNCIL SHALL BE FILLED BY THE GOVERNOR
37 AS PROVIDED BY LAW. THE GOVERNOR MAY REMOVE ANY MEMBER OF THE COUNCIL AS
38 PROVIDED BY LAW.
39 E. MEMBERS OF THE COUNCIL ARE ELIGIBLE TO RECEIVE COMPENSATION
40 PURSUANT TO SECTION 38-611 FOR EACH DAY SPENT IN THE PERFORMANCE OF COUNCIL
41 DUTIES AND MAY BE REIMBURSED FOR EXPENSES PROPERLY INCURRED IN CONNECTION
42 WITH THE ATTENDANCE AT MEETINGS OR HEARINGS OF THE COUNCIL.
43 F. THE MEMBERS OF THE COUNCIL SHALL SELECT A CHAIRPERSON FROM AMONG
44 THE MEMBERS OF THE COUNCIL WHO SHALL SERVE A ONE YEAR TERM THAT BEGINS ON THE
45 THIRD MONDAY IN JANUARY. THE MEMBERS OF THE COUNCIL MAY SELECT OTHER

1 OFFICERS FROM AMONG THE MEMBERS OF THE COUNCIL, EACH OF WHOM SHALL SERVE A
2 ONE YEAR TERM THAT BEGINS AND ENDS ON THE THIRD MONDAY IN JANUARY.

3 G. MEMBERS OF THE COUNCIL ARE IMMUNE FROM PERSONAL LIABILITY WITH
4 RESPECT TO ALL ACTIONS THAT ARE TAKEN IN GOOD FAITH AND WITHIN THE SCOPE OF
5 THE COUNCIL'S AUTHORITY.

6 H. FOR THE PURPOSES OF THIS SECTION, "COMMUNITY COLLEGE DISTRICT"
7 MEANS A COMMUNITY COLLEGE DISTRICT THAT IS ESTABLISHED PURSUANT TO SECTIONS
8 15-1402 AND 15-1403 AND THAT IS A POLITICAL SUBDIVISION OF THIS STATE.

9 Sec. 7. Section 15-1852, Arizona Revised Statutes, is amended to read:
10 15-1852. Additional powers and duties

11 A. In addition to the powers and duties prescribed in section 15-1851,
12 the ~~commission for postsecondary education~~ K-20 COORDINATING COUNCIL shall:

13 1. Meet at least four times each year. ANY COUNCIL MEMBER WHO DOES
14 NOT ATTEND AT LEAST FIFTY PER CENT OF THE SCHEDULED COUNCIL MEETINGS DURING
15 ANY CALENDAR YEAR SHALL BE REMOVED AUTOMATICALLY FROM THE COUNCIL IF THE
16 EXECUTIVE DIRECTOR OF THE COUNCIL SUBMITS CERTIFICATION TO THE GOVERNOR THAT
17 THAT PARTICULAR COUNCIL MEMBER HAS FAILED TO ATTEND AT LEAST FIFTY PER CENT
18 OF THE SCHEDULED COUNCIL MEETINGS DURING A CALENDAR YEAR. THE GOVERNOR SHALL
19 FILL THE VACANCY OF ANY MEMBER REMOVED PURSUANT TO THIS PARAGRAPH NO LATER
20 THAN FOURTEEN DAYS AFTER RECEIVING CERTIFICATION OF NONATTENDANCE.

21 2. Adopt rules to carry out the purposes of this article.

22 3. Administer and enforce ~~the provisions of~~ this article and rules
23 adopted pursuant to this article.

24 4. Keep a record of its proceedings.

25 5. Contract, on behalf of this state, with the United States secretary
26 of education for the purpose of complying with the provisions of part H of
27 the higher education amendments of 1992.

28 6. Enter into agreements and contracts with state regulatory agencies
29 or entities, accrediting bodies and other peer review systems for the purpose
30 of complying with the provisions of title IV program eligibility reviews as
31 set forth in part H of the higher education amendments of 1992. Agreements
32 and contracts executed pursuant to this subsection shall be for the purpose
33 of conducting fact-finding activities, eligibility reviews, compliance
34 assessments and recommendations, program reviews and consumer complaint
35 studies. ~~The review authority of the commission shall be limited to those
36 circumstances specified in section 15-1851, subsection A. The commission
37 shall provide sufficient monies to the agency or contractor to perform review
38 functions.~~

39 ~~7. Establish procedures for the performance of the title IV
40 eligibility reviews as prescribed in part H, subpart one of the higher
41 education amendments of 1992, the evaluation and assessment of the reviews
42 performed, the evaluation and assessment of the postsecondary institution's
43 initial and continuing title IV eligibility, the notification of the results
44 of the reviews and the enforcement of an appeals process that provides for
45 due process for postsecondary education institutions. The review authority~~

1 ~~of the commission shall be limited to those circumstances specified in~~
2 ~~section 15-1851, subsection A.~~

3 ~~8. Establish procedures by which agencies of this state that are~~
4 ~~responsible for oversight of postsecondary institutions receive notification~~
5 ~~of eligibility reviews, eligibility determinations and actions and other~~
6 ~~actions taken or planned against postsecondary institutions.~~

7 ~~9.~~ 7. Comply with ~~the provisions of~~ title 38, chapter 3, article 3.1
8 and title 39.

9 B. The ~~commission~~ COUNCIL may:

10 1. Adopt an official seal.

11 2. Contract.

12 3. Sue and be sued.

13 4. Receive, hold, make and take leases of and sell personal property
14 for the benefit of the ~~commission~~ COUNCIL.

15 5. Employ permanent or temporary personnel as the ~~commission~~ COUNCIL
16 deems necessary to carry out this article. The ~~commission~~ COUNCIL may
17 designate the duties of these personnel. The ~~commission~~ COUNCIL employees
18 are subject to title 41, chapter 4, articles 5 and 6.

19 6. Conduct investigations, hold hearings and determine methods of
20 enforcement of ~~the provisions of~~ this article.

21 7. Issue subpoenas to compel the attendance of witnesses and the
22 production of documents, administer oaths, take testimony, hear proof and
23 receive exhibits into evidence.

24 8. Establish policy centers under its control to conduct studies.

25 9. Coordinate and promote studies of interest to postsecondary
26 institutions in this state.

27 C. The ~~commission~~ COUNCIL is exempt from title 41, chapter 6 but shall
28 adopt rules in a manner substantially similar to title 41, chapter 6.

29 Sec. 8. Section 15-1853, Arizona Revised Statutes, is amended to read:
30 15-1853. Funding; federal monies; K-20 coordinating council
31 fund; report

32 A. The ~~postsecondary education~~ K-20 COORDINATING COUNCIL fund is
33 established consisting of:

34 1. Monies appropriated by the legislature.

35 2. Monies received from state agencies and political subdivisions of
36 this state.

37 3. Monies received from the United States government, including monies
38 received from the United States department of education pursuant to
39 subsection B of this section.

40 4. Gifts, grants and donations received from any private source to
41 carry out the duties and responsibilities of the ~~commission~~ COUNCIL.

42 B. The ~~commission~~ COUNCIL may receive monies distributed by the United
43 States department of education for the reimbursement of the costs of
44 performing review requirements. The costs may include expenses for the
45 ~~instruction of personnel needed to serve the purpose of section 15-1851,~~

1 ~~subsection A~~, the supplementation of existing review functions, work
2 performed by subcontractors or consultants in connection with the review
3 functions of the ~~commission~~ COUNCIL and any other administrative expenses
4 necessary for compliance with part H, subpart one of the higher education
5 amendments of 1992. No more than thirteen per cent of amounts received by
6 the ~~commission~~ COUNCIL from the United States department of education may be
7 utilized for administrative purposes by the ~~commission~~ COUNCIL.

8 C. The ~~commission~~ COUNCIL shall administer the fund in compliance with
9 the requirements of this article. The ~~commission~~ COUNCIL shall separately
10 account for monies received from each source listed in subsection A of this
11 section and may establish accounts and subaccounts of the fund as necessary
12 to carry out the requirements of this subsection.

13 D. Monies obtained pursuant to subsection A, paragraphs 1 through 3 of
14 this section are subject to legislative appropriation. The ~~commission~~
15 COUNCIL shall not use these monies for purposes other than those designated
16 by special line items for which the monies are received.

17 E. Monies obtained pursuant to subsection A, paragraph 4 of this
18 section are continuously appropriated. These monies shall be used in
19 accordance with the requests of the donor. If no request is specified, the
20 monies may be used for additional responsibilities of the COUNCIL. ~~board~~
21 ~~prescribed in section 15-1851, subsection C and section 15-1852, subsection~~
22 ~~B, paragraphs 8 and 9.~~

23 F. The ~~commission~~ COUNCIL shall report quarterly to the joint
24 legislative budget committee on fund deposits and expenditures.

25 Sec. 9. Section 15-1854, Arizona Revised Statutes, is amended to read:
26 15-1854. Private postsecondary education student financial
27 assistance program; private postsecondary education
28 student financial assistance fund; definition

29 A. A private postsecondary education student financial assistance
30 program is established. The ~~commission~~ COUNCIL shall develop, implement and
31 administer the program. A student who obtains an associate degree from a
32 community college district or from a community college under the jurisdiction
33 of an Indian tribe in this state that meets the same accreditation standards
34 as a community college district and who registers for enrollment as a
35 full-time student in a baccalaureate program at a private, nationally or
36 regionally accredited four year degree granting college or university
37 chartered in this state is eligible to submit an application to the
38 ~~commission~~ COUNCIL for participation in the program. The ~~commission~~ COUNCIL
39 shall establish eligibility criteria for the program including financial need
40 and academic merit, shall develop application forms, procedures and deadlines
41 and shall select qualifying students each year for participation in the
42 program. Participating students shall receive an award in an amount of up to
43 one thousand five hundred dollars annually for not to exceed two years and
44 three thousand dollars to be used to pay all or a portion of the tuition and
45 fees charged at the private, accredited four year college or university.

1 B. A private postsecondary education student financial assistance fund
2 is established consisting of legislative appropriations. The ~~commission~~
3 ~~COUNCIL~~ shall administer the fund. Monies in the fund are exempt from the
4 provisions of section 35-190, relating to lapsing of appropriations. The
5 ~~commission~~ ~~COUNCIL~~ shall make awards for payment of tuition at eligible
6 colleges or universities to students who are selected to participate in the
7 private postsecondary education student financial assistance program pursuant
8 to subsection A ~~OF THIS SECTION~~.

9 C. The ~~commission~~ ~~COUNCIL~~ shall develop a program evaluation procedure
10 in order to determine the effectiveness of the private postsecondary
11 education student financial assistance program in shifting students who would
12 have otherwise attended a public four year college or university to private
13 four year degree granting colleges or universities.

14 D. A student who fails to receive a baccalaureate degree within a
15 three year period of receipt of the program award shall reimburse the private
16 postsecondary education student financial assistance fund for all awards
17 received pursuant to subsection A ~~OF THIS SECTION~~.

18 E. For the purposes of this section, "community college district"
19 means a community college district ~~THAT IS~~ established pursuant to sections
20 15-1402 and 15-1403 ~~AND~~ that is a political subdivision of this state.

21 Sec. 10. Section 15-1871, Arizona Revised Statutes, is amended to
22 read:

23 15-1871. Definitions

24 In this article, unless the context otherwise requires:

25 1. "Account" means an individual trust account in the fund established
26 as prescribed in this article.

27 2. "Account owner" means the person who enters into a tuition savings
28 agreement pursuant to this article, who is an account owner within the
29 meaning of section 529 of the internal revenue code and who is designated at
30 the time an account is opened as having the right to withdraw monies from the
31 account before the account is disbursed to or for the benefit of the
32 designated beneficiary.

33 ~~3. "Commission" means the commission for postsecondary education~~
34 ~~established by section 15-1851.~~

35 ~~4.~~ 3. "Committee" means the family college savings program oversight
36 committee.

37 4. "COUNCIL" MEANS THE K-20 COORDINATING COUNCIL ESTABLISHED BY
38 SECTION 15-1851.

39 5. "Designated beneficiary" means a person who qualifies as a
40 designated beneficiary under section 529 of the internal revenue code and,
41 except as provided in section 15-1875, subsections R and S, with respect to
42 an account, who is designated at the time the account is opened as the person
43 whose higher education expenses are expected to be paid from the account or,
44 if this designated beneficiary is replaced in accordance with section
45 15-1875, subsections E, F and G, the replacement beneficiary.

- 1 6. "Eligible educational institution" means an institution of higher
2 education that qualifies under section 529 of the internal revenue code as an
3 eligible educational institution.
- 4 7. "Financial institution" means any bank, commercial bank, national
5 bank, savings bank, savings and loan association, credit union, insurance
6 company, brokerage firm or other similar entity that is authorized to do
7 business in this state.
- 8 8. "Fund" means the family college savings program trust fund that
9 constitutes a public instrumentality of this state AND THAT IS established by
10 section 15-1873.
- 11 9. "Member of the family" means any of the following:
- 12 (a) A son or daughter of a person or a descendant of the son or
13 daughter of the person.
- 14 (b) A stepson or stepdaughter of a person.
- 15 (c) A brother, sister, stepbrother or stepsister of a person. For the
16 purposes of this subdivision, "brother" and "sister" includes a brother or
17 sister by the half-blood.
- 18 (d) The father or mother of a person or the ancestor of the father or
19 mother of a person.
- 20 (e) A stepfather or stepmother of a person.
- 21 (f) A son or daughter of a person's brother or sister. For the
22 purposes of this subdivision, "brother" and "sister" includes a brother or
23 sister by the half-blood.
- 24 (g) A brother or sister of the person's father or mother. For the
25 purposes of this subdivision, "brother" and "sister" includes a brother or
26 sister by the half-blood.
- 27 (h) A son-in-law, daughter-in-law, father-in-law, mother-in-law,
28 brother-in-law or sister-in-law of a person.
- 29 (i) The spouse of a person or the spouse of any individual described
30 in this paragraph.
- 31 (j) A first cousin of a person.
- 32 (k) Any individual who meets the criteria for family membership
33 described in this paragraph as a result of legal adoption.
- 34 10. "Nonqualified withdrawal" means a withdrawal from an account other
35 than one of the following:
- 36 (a) A qualified withdrawal.
- 37 (b) A withdrawal made as the result of the death or disability of the
38 designated beneficiary of an account.
- 39 (c) A withdrawal that is made on the account of a scholarship, or the
40 allowance or payment described in section 135(d)(1)(B) or (C) of the internal
41 revenue code, and that is received by the designated beneficiary, but only to
42 the extent of the amount of this scholarship, allowance or payment.
- 43 (d) A rollover or change of designated beneficiary.

1 11. "Person" means an individual, an individual's legal representative
2 or any other legal entity authorized to establish a savings account under
3 section 529 of the internal revenue code and the corresponding regulations.

4 12. "Program" means the family college savings program **THAT IS**
5 established under this article **AND** that constitutes a qualified tuition
6 program as defined in section 529 of the internal revenue code.

7 13. "Qualified higher education expenses" means tuition, fees, books,
8 supplies, room and board and equipment required for enrollment or attendance
9 of a designated beneficiary at an eligible educational institution and
10 expenses for special needs services in the case of a special needs
11 beneficiary that are incurred in connection with enrollment or attendance, if
12 these expenses meet the definition of qualified higher education expenses in
13 section 529 of the internal revenue code.

14 14. "Qualified withdrawal" means a withdrawal from an account to pay
15 the qualified higher education expenses of the designated beneficiary of the
16 account, but only if the withdrawal is made in accordance with this article.

17 15. "Section 529 of the internal revenue code" means section 529 of the
18 internal revenue code of 1986, as amended, and the final regulations issued
19 pursuant to that section.

20 16. "Trust interest" means an account owner's interest in the fund
21 created by a tuition savings agreement for the benefit of a designated
22 beneficiary.

23 17. "Tuition savings agreement" means an agreement between the
24 ~~commission~~ **COUNCIL**, as trustee of the fund, and an account owner that creates
25 an interest in the fund and that provides for participation in the program.

26 Sec. 11. Section 15-1872, Arizona Revised Statutes, is amended to
27 read:

28 15-1872. Family college savings program oversight committee:
29 membership; powers and duties

30 A. The family college savings program oversight committee is
31 established in the ~~commission for postsecondary education~~ **K-20 COORDINATING**
32 **COUNCIL**. The committee consists of the following members:

- 33 1. The state treasurer or the state treasurer's designee.
- 34 2. The chairperson of the state board for private postsecondary
35 education or the chairperson's designee.
- 36 3. Three members of the general public, each of whom possesses
37 knowledge, skill and experience in accounting, risk management or investment
38 management or as an actuary. The governor shall appoint these members to
39 serve staggered four year terms pursuant to section 38-211. The initial
40 members appointed pursuant to this paragraph shall assign themselves by lot
41 to serve two, three and four year terms. The chairperson shall notify the
42 governor's office on appointments of these terms. All subsequent members
43 appointed pursuant to this paragraph serve four year terms.
- 44 4. A certified financial planner who is appointed by the governor.
- 45 5. A certified public accountant who is appointed by the governor.

1 6. An attorney with a state bar of Arizona certification in estates
2 and trusts who is appointed by the governor.

3 7. An individual with investment, asset management and financial
4 related expertise who is appointed by the governor.

5 8. An individual employed by a community college or university with
6 investment, asset management and financial related expertise who is appointed
7 by the governor.

8 B. The ~~commission~~ COUNCIL shall select a chairperson and a
9 vice-chairperson from among the committee's membership. A majority of the
10 membership constitutes a quorum for the transaction of business. The
11 committee shall meet at least once each calendar quarter. The chairperson
12 may call additional meetings.

13 C. The member of the family college savings program oversight
14 committee appointed pursuant to subsection A, paragraph 6 of this section is
15 eligible to receive compensation as determined pursuant to section 38-611 for
16 each day of attendance at committee meetings, except that the compensation of
17 the member shall not exceed five hundred dollars in any year. The ~~commission~~
18 COUNCIL shall pay compensation pursuant to this subsection from monies of the
19 ~~commission~~ COUNCIL.

20 D. The committee shall recommend financial institutions for approval
21 by the ~~commission~~ COUNCIL to act as the depositories and managers of family
22 college savings accounts pursuant to section 15-1874.

23 E. The committee may submit proposed rules to the ~~commission~~ COUNCIL
24 to assist in the implementation and administration of this article.

25 F. Members of the committee are immune from personal liability with
26 respect to all actions that are taken in good faith and within the scope of
27 the committee's authority.

28 Sec. 12. Section 15-1873, Arizona Revised Statutes, is amended to
29 read:

30 15-1873. K-20 coordinating council; powers and duties; family
31 college savings program trust fund

32 A. The ~~commission~~ COUNCIL shall:

33 1. Develop and implement the program in a manner consistent with this
34 article through the adoption of rules, guidelines and procedures.

35 2. Retain professional services, if necessary, including
36 accountants, auditors, consultants and other experts.

37 3. Seek rulings and other guidance from the United States department
38 of the treasury and the internal revenue service relating to the program.

39 4. Make changes to the program required for the participants in the
40 program to obtain the federal income tax benefits or treatment provided by
41 section 529 of the internal revenue code.

42 5. ~~Interpret~~, In rules, policies, guidelines and procedures, ~~the~~
43 ~~provisions of~~ INTERPRET this article broadly in light of its purpose and
44 objectives.

1 6. Charge, impose and collect administrative fees and service charges
2 in connection with any agreement, contract or transaction relating to the
3 program.

4 7. Negotiate and select the financial institution or institutions to
5 act as the depository and manager of the program in accordance with this
6 article.

7 8. As an agency of this state, act as trustee of the fund.

8 9. Maintain the program on behalf of this state as required by section
9 529 of the internal revenue code.

10 10. Enter into tuition savings agreements with account owners pursuant
11 to this article.

12 B. The family college savings program trust fund is established
13 consisting of the assets of the family college savings program. The
14 ~~commission~~ COUNCIL shall administer the fund and shall act as the sole
15 trustee of the fund. Monies in the fund are continuously appropriated. The
16 fund is designated a public instrumentality of this state that is created for
17 an essential public purpose. Trust interests in the fund shall be designated
18 by the ~~commission~~ COUNCIL for each account owner. The fund shall be
19 separated into a trust account and an operating account. The trust account
20 shall include amounts received by the family college savings program from
21 account owners pursuant to tuition savings agreements and interest and
22 investment income earned by the fund. The ~~commission~~ COUNCIL shall make
23 transfers from the trust account to the operating account as necessary for
24 the immediate payment of obligations under tuition savings agreements,
25 operating expenses and administrative costs of the family college savings
26 program. The ~~commission~~ COUNCIL shall deposit and invest monies or other
27 amounts in the fund with financial institutions in accordance with section
28 15-1874.

29 Sec. 13. Section 15-1874, Arizona Revised Statutes, is amended to
30 read:

31 15-1874. Use of contractor as account depository and manager

32 A. The ~~commission~~ COUNCIL shall implement the operation of the program
33 through the use of one or more financial institutions to act as the
34 depositories of the fund and managers of the program. Under the program,
35 persons may submit applications for enrollment in the program and establish
36 accounts in the fund at the financial institution. Monies paid by account
37 owners to the fund for deposit in accounts maintained by the fund at a
38 financial institution shall be paid to the financial institution as an agent
39 of the fund and the tuition savings agreements shall provide that all monies
40 paid by account owners to fund accounts held at financial institutions are
41 being paid to the fund.

42 B. The committee shall solicit proposals from financial institutions
43 to act as the depositories of fund monies and managers of the
44 program. Financial institutions that submit proposals must describe the
45 financial instruments that will be held in accounts. The ~~commission~~ COUNCIL

1 shall select proposals from financial institutions to act as depositories and
2 managers and ~~that~~ the solicitation and selection process is exempt from the
3 procurement code requirements of title 41, chapter 23.

4 C. On the recommendation of the committee, the ~~commission~~ COUNCIL
5 shall select the financial institution or institutions to implement ~~the~~
6 ~~operation-of~~ the program from among bidding financial institutions that
7 demonstrate the most advantageous combination, both to potential program
8 participants and this state, of the following factors:

9 1. Financial stability and integrity.

10 2. The safety of the investment instruments being offered, taking into
11 account any insurance provided with respect to these instruments.

12 3. The ability of the investment instruments to track estimated costs
13 of higher education as calculated by the ~~commission~~ COUNCIL and provided by
14 the financial institution to the account holder.

15 4. The ability of the financial institutions, directly or through a
16 subcontract, to satisfy record keeping and reporting requirements.

17 5. The financial institution's plan for promoting the program and the
18 investment it is willing to make to promote the program.

19 6. The fees, if any, proposed to be charged to persons for maintaining
20 accounts.

21 7. The minimum initial deposit and minimum contributions that the
22 financial institution will require for the investment of fund monies and the
23 willingness of the financial institution to accept contributions through
24 payroll deduction plans and other deposit plans.

25 8. Any other benefits to this state or its residents included in the
26 proposal, including an account opening fee payable to the ~~commission~~ COUNCIL
27 by the account owner and an additional fee from the financial institution for
28 statewide program marketing by the ~~commission~~ COUNCIL.

29 D. The ~~commission~~ COUNCIL shall enter into a contract with a financial
30 institution, or except as provided in subsection E of this section, contracts
31 with financial institutions, to serve as program managers and
32 depositories. Program management contracts shall provide the terms and
33 conditions by which financial institutions shall sell interests in the fund
34 to account owners, invest monies in the fund and manage the program.

35 E. The ~~commission~~ COUNCIL may select more than one financial
36 institution and investment for the program if both of the following
37 conditions exist:

38 1. The United States internal revenue service has provided guidance
39 that giving a contributor a choice of two investment instruments under a
40 state plan will not cause the plan to fail to qualify for favorable tax
41 treatment under section 529 of the internal revenue code.

42 2. The ~~commission~~ COUNCIL concludes that the choice of instrument
43 vehicles is in the best interest of college savers and will not interfere
44 with the promotion of the program.

45 F. A program manager shall:

1 1. Take all action required to keep the program in compliance with the
2 requirements of this article and all action not contrary to this article or
3 its contract to manage the program so that it is treated as a qualified
4 tuition plan under section 529 of the internal revenue code.

5 2. Keep adequate records of each of the fund's accounts, keep each
6 account segregated from each other account and provide the ~~commission~~ COUNCIL
7 with the information necessary to prepare statements required by section
8 15-1875, subsections O, P and Q or file these statements on behalf of the
9 ~~commission~~ COUNCIL.

10 3. Compile and total information contained in statements required to
11 be prepared under section 15-1875, subsections O, P and Q and provide these
12 compilations to the ~~commission~~ COUNCIL.

13 4. If there is more than one program manager, provide the ~~commission~~
14 COUNCIL with this information to assist the ~~commission~~ COUNCIL to determine
15 compliance with section 15-1875, subsection N.

16 5. Provide representatives of the ~~commission~~ COUNCIL, including other
17 contractors or other state agencies, access to the books and records of the
18 program manager to the extent needed to determine compliance with the
19 contract.

20 6. Hold all accounts in the name of and for the benefit of the fund
21 and this state.

22 G. Any contract executed between the ~~commission~~ COUNCIL and a
23 financial institution pursuant to this section shall be for a term of at
24 least three years and not more than seven years.

25 H. The ~~commission~~ COUNCIL may terminate a contract with a financial
26 institution at any time for good cause on the recommendation of the
27 committee. If a contract is terminated pursuant to this subsection, the
28 ~~commission~~ COUNCIL shall take custody of accounts held at that financial
29 institution and shall seek to promptly transfer the accounts to another
30 financial institution that is selected as a program manager and into
31 investment instruments as similar to the original investments as possible.

32 I. If the ~~commission~~ COUNCIL determines not to renew the appointment
33 of a financial institution as a program manager, the ~~commission~~ COUNCIL may
34 take action consistent with the interests of the program and the accounts and
35 in accordance with its duties as the trustee of the fund, including
36 termination of all services or continuation of certain management and
37 administrative services of that financial institution for accounts of the
38 program managed by that financial institution during its term as a program
39 manager, if any continuation of services is only permitted under the
40 following conditions:

41 1. The ~~commission~~ COUNCIL and the financial institution ~~enters~~ ENTER
42 into a written agreement specifying the rights of the program and the
43 ~~commission~~ COUNCIL and the responsibilities of the financial institution,
44 including the standards that continue to be applicable to the accounts as
45 accounts of the program.

1 2. Any services provided by the financial institution to accounts
2 continue to be subject to the control of the ~~commission~~ COUNCIL as the
3 trustee of the fund with responsibility of all accounts of the program.

4 Sec. 14. Section 15-1875, Arizona Revised Statutes, is amended to
5 read:

6 15-1875. Program requirements

7 A. The program shall be operated through the use of accounts in the
8 fund established by account owners. Payments to the fund for participation in
9 the program shall be made by account owners pursuant to tuition savings
10 agreements. An account may be opened by any person who desires to invest in
11 the fund and to save to pay qualified higher education expenses by satisfying
12 each of the following requirements:

13 1. Completing an application in the form prescribed by the ~~commission~~
14 COUNCIL. The application shall include the following information:

15 (a) The name, address and social security number or employer
16 identification number of the contributor.

17 (b) The name, address and social security number of the account owner
18 if the account owner is not the contributor.

19 (c) The name, address and social security number of the designated
20 beneficiary.

21 (d) The certification relating to no excess contributions required by
22 subsection N.

23 (e) Any other information that the ~~commission~~ COUNCIL may require.

24 2. Paying the one-time application fee established by the ~~commission~~
25 COUNCIL.

26 3. Making the minimum contribution required by the ~~commission~~ COUNCIL
27 or by opening an account.

28 4. Designating the type of account to be opened if more than one type
29 of account is offered.

30 B. Any person may make contributions to an account after the account
31 is opened.

32 C. Contributions to accounts may be made only in cash.

33 D. Account owners may withdraw all or part of the balance from an
34 account on sixty days' notice, or a shorter period as may be authorized by
35 the ~~commission~~ COUNCIL, under rules prescribed by the ~~commission~~
36 COUNCIL. These rules shall include provisions that will generally enable the
37 ~~commission~~ COUNCIL or program manager to determine if a withdrawal is a
38 nonqualified withdrawal or a qualified withdrawal. The rules may, but need
39 not, require one or more of the following:

40 1. Account owners seeking to make a qualified withdrawal or other
41 withdrawal that is not a nonqualified withdrawal shall provide
42 certifications, copies of bills for qualified higher education expenses or
43 other supporting material.

44 2. Qualified withdrawals from an account shall be made only by a check
45 payable as designated by the account owner.

1 3. Withdrawals not meeting certain requirements shall be treated as
2 nonqualified withdrawals by the program manager, and if these withdrawals are
3 not nonqualified withdrawals, the account owner must seek refunds of
4 penalties, if any, directly from the ~~commission~~ COUNCIL.

5 E. An account owner may change the designated beneficiary of an
6 account to an individual who is a member of the family of the former
7 designated beneficiary in accordance with procedures established by the
8 ~~commission~~ COUNCIL.

9 F. On the direction of an account owner, all or a portion of an
10 account may be transferred to another account of which the designated
11 beneficiary is a member of the family of the designated beneficiary of the
12 transferee account.

13 G. Changes in designated beneficiaries and rollovers under this
14 section are not permitted if the changes or rollovers would violate either of
15 the following:

- 16 1. Subsection N, relating to excess contributions.
- 17 2. Subsection K, relating to investment choice.

18 H. In the case of any nonqualified withdrawal from an account, a
19 penalty may be imposed if the penalty is required for purposes of qualifying
20 the program as a qualified tuition program under section 529 of the internal
21 revenue code. The ~~commission~~ COUNCIL may adopt rules to establish the
22 parameters for the assessment of penalties. Any penalties assessed shall be
23 paid to the ~~commission~~ COUNCIL for use in operating and marketing the program
24 and for student financial aid.

25 I. Each account shall be maintained separately from each other account
26 under the program.

27 J. Separate records and accounting shall be maintained for each
28 account for each designated beneficiary.

29 K. No contributor to, account owner of or designated beneficiary of
30 any account may direct the investment, within the meaning of section 529 of
31 the internal revenue code, of any contributions to an account or the earnings
32 from the account.

33 L. If the ~~commission~~ COUNCIL terminates the authority of a financial
34 institution to hold accounts and accounts must be moved from that financial
35 institution to another financial institution, the ~~commission~~ COUNCIL shall
36 select the financial institution and type of investment to which the balance
37 of the account is moved unless the internal revenue service provides guidance
38 stating that allowing the account owner to select among several financial
39 institutions that are then contractors would not cause a plan to cease to be
40 a qualified tuition plan.

41 M. Neither an account owner nor a designated beneficiary may use an
42 interest in an account as security for a loan. Any pledge of an interest in
43 an account is of no force and effect.

44 N. On the recommendation of the committee, the ~~commission~~ COUNCIL
45 shall adopt rules to prevent contributions on behalf of a designated

1 beneficiary in excess of those necessary to pay the qualified higher
2 education expenses of the designated beneficiaries. The rules shall address
3 the following:

4 1. Procedures for aggregating the total balances of multiple accounts
5 established for a designated beneficiary.

6 2. The establishment of a maximum total balance for the purpose of
7 prohibiting contributions to accounts established for a designated
8 beneficiary if the contributions would cause the maximum total balance to be
9 exceeded.

10 3. The ~~commission~~ COUNCIL shall review the quarterly reports received
11 from participating financial institutions and certify that the balance in all
12 qualified tuition programs, as defined in section 529 of the internal revenue
13 code, of which that person is the designated beneficiary does not exceed the
14 lesser of:

15 (a) A maximum college savings amount established by the ~~commission~~
16 COUNCIL from time to time.

17 (b) The cost in current dollars of qualified higher education expenses
18 that the contributor reasonably anticipates the designated beneficiary will
19 incur.

20 4. Requirements that any excess contributions with respect to a
21 designated beneficiary be promptly withdrawn in a nonqualified withdrawal or
22 rolled over to another account in accordance with this section.

23 0. If there is any distribution from an account to any person or for
24 the benefit of any person during a calendar year, the distribution shall be
25 reported to the internal revenue service and the account owner or the
26 designated beneficiary to the extent required by federal law.

27 P. The financial institution shall provide statements to each account
28 owner at least once each year within thirty-one days after the twelve month
29 period to which they relate. The statement shall identify the contributions
30 made during a preceding twelve month period, the total contributions made
31 through the end of the period, the value of the account as of the end of this
32 period, distributions made during this period and any other matters that the
33 ~~commission~~ COUNCIL requires be reported to the account owner.

34 Q. Statements and information returns relating to accounts shall be
35 prepared and filed to the extent required by federal or state tax law.

36 R. A state or local government or organizations described in section
37 501(c)(3) of the internal revenue code may open and become the account owner
38 of an account to fund scholarships for persons whose identity will be
39 determined after an account is opened.

40 S. In the case of any account described in subsection R, the
41 requirement that a designated beneficiary be designated when an account is
42 opened does not apply and each person who receives an interest in the account
43 as a scholarship shall be treated as a designated beneficiary with respect to
44 the interest.

1 T. Any social security numbers, addresses or telephone numbers of
2 individual account holders and designated beneficiaries that come into the
3 possession of the ~~commission~~ COUNCIL are confidential, are not public records
4 and shall not be released by the ~~commission~~ COUNCIL.

5 U. An account owner may transfer ownership rights to another eligible
6 account owner.

7 V. An account owner may designate successor account owners.

8 Sec. 15. Section 15-1878, Arizona Revised Statutes, is amended to
9 read:

10 15-1878. Limitations of article

11 A. Nothing in this article shall be construed to:

12 1. Give any designated beneficiary any rights or legal interest with
13 respect to an account unless the designated beneficiary is the account owner.

14 2. Guarantee that a designated beneficiary will be admitted to an
15 eligible educational institution or be allowed to continue enrollment at or
16 graduate from an eligible educational institution located in this state after
17 admission.

18 3. Establish state residency for a person merely because the person is
19 a designated beneficiary.

20 4. Guarantee that amounts saved pursuant to the program will be
21 sufficient to cover the qualified higher education expenses of a designated
22 beneficiary.

23 B. Nothing in this article establishes any obligation of this state or
24 any agency or instrumentality of this state to guarantee for the benefit of
25 any account owner, contributor to an account or designated beneficiary any of
26 the following:

27 1. The return of any amounts contributed to an account.

28 2. The rate of interest or other return on any account.

29 3. The payment of interest or other return on any account.

30 4. Tuition rates or the cost of related higher education expenditures.

31 C. Under rules adopted by the ~~commission~~ COUNCIL, every contract,
32 application, deposit slip or other similar document that may be used in
33 connection with a contribution to an account shall clearly indicate that the
34 account is not insured by this state and neither the principal deposited nor
35 the investment return is guaranteed by this state.

36 Sec. 16. Section 15-1879, Arizona Revised Statutes, is amended to
37 read:

38 15-1879. Annual report

39 The ~~commission~~ COUNCIL shall submit an annual report to the speaker of
40 the house of representatives, the president of the senate and the governor by
41 February 1 that summarizes the ~~commission's~~ COUNCIL'S findings and
42 recommendations concerning the program established by this article.

43 Sec. 17. Repeal

44 Section ~~41-3008.14~~, Arizona Revised Statutes, is repealed.

1 Sec. 18. Title 41, chapter 27, article 2, Arizona Revised Statutes, is
2 amended by adding section 41-3016.01, to read:

3 41-3016.01. K-20 coordinating council; termination July 1, 2016

4 A. THE K-20 COORDINATING COUNCIL TERMINATES ON JULY 1, 2016.

5 B. TITLE 15, CHAPTER 14, ARTICLE 5 IS REPEALED ON JANUARY 1, 2017.

6 Sec. 19. Section 43-1021, Arizona Revised Statutes, as amended by Laws
7 2005, chapter 316, section 3 and chapter 317, section 11, is amended to read:

8 43-1021. Additions to Arizona gross income

9 In computing Arizona adjusted gross income, the following amounts shall
10 be added to Arizona gross income:

11 1. A beneficiary's share of the fiduciary adjustment to the extent
12 that the amount determined by section 43-1333 increases the beneficiary's
13 Arizona gross income.

14 2. An amount equal to the "ordinary income portion" of a lump sum
15 distribution that was excluded from federal adjusted gross income pursuant to
16 section 402(d) of the internal revenue code.

17 3. The amount of interest income received on obligations of any state,
18 territory or possession of the United States, or any political subdivision
19 thereof, located outside the state of Arizona, reduced, for tax years
20 beginning from and after December 31, 1996, by the amount of any interest on
21 indebtedness and other related expenses that were incurred or continued to
22 purchase or carry those obligations and that are not otherwise deducted or
23 subtracted in arriving at Arizona gross income.

24 4. Annuity income received during the taxable year to the extent that
25 the sum of the proceeds received from such annuity in all taxable years prior
26 to and including the current taxable year exceeds the total consideration and
27 premiums paid by the taxpayer. This paragraph applies only to those
28 annuities with respect to which the first payment was received prior to
29 December 31, 1978.

30 5. The excess of a partner's share of partnership taxable income
31 required to be included under chapter 14, article 2 of this title over the
32 income required to be reported under section 702(a)(8) of the internal
33 revenue code.

34 6. The excess of a partner's share of partnership losses determined
35 pursuant to section 702(a)(8) of the internal revenue code over the losses
36 allowable under chapter 14, article 2 of this title.

37 7. The amount by which the adjusted basis of property described in
38 this paragraph and computed pursuant to the internal revenue code exceeds the
39 adjusted basis of such property computed pursuant to this title and the
40 income tax act of 1954, as amended. This paragraph shall apply to all
41 property which is held for the production of income and which is sold or
42 otherwise disposed of during the taxable year, except depreciable property
43 used in a trade or business.

44 8. The amount of depreciation or amortization of costs of any capital
45 investment that is deducted pursuant to section 167 or 179 of the internal

1 revenue code by a qualified defense contractor with respect to which an
2 election is made to amortize pursuant to section 43-1024.

3 9. The amount of gain from the sale or other disposition of a capital
4 investment which a qualified defense contractor has elected to amortize
5 pursuant to section 43-1024.

6 10. Amounts withdrawn from the Arizona state retirement system, the
7 corrections officer retirement plan, the public safety personnel retirement
8 system, the elected officials' retirement plan or a county or city retirement
9 plan by an employee upon termination of employment before retirement to the
10 extent they were deducted in arriving at Arizona taxable income in any year.

11 11. That portion of the net operating loss included in federal adjusted
12 gross income which has already been taken as a net operating loss for Arizona
13 purposes or which is separately taken as a subtraction under the special net
14 operating loss transition rule.

15 12. Any nonitemized amount deducted pursuant to section 170 of the
16 internal revenue code representing contributions to an educational
17 institution which denies admission, enrollment or board and room
18 accommodations on the basis of race, color or ethnic background except those
19 institutions primarily established for the education of American Indians.

20 13. The amount paid as taxes on property in this state with respect to
21 which a credit is claimed under section 43-1078.

22 14. Amounts withdrawn from a medical savings account by the individual
23 during the taxable year computed pursuant to section 220(f) of the internal
24 revenue code and not included in federal adjusted gross income.

25 15. Any amount of agricultural water conservation expenses that were
26 deducted pursuant to the internal revenue code for which a credit is claimed
27 under section 43-1084.

28 16. The amount by which the depreciation or amortization computed under
29 the internal revenue code with respect to property for which a credit was
30 taken under section 43-1080 exceeds the amount of depreciation or
31 amortization computed pursuant to the internal revenue code on the Arizona
32 adjusted basis of the property.

33 17. The amount by which the adjusted basis computed under the internal
34 revenue code with respect to property for which a credit was claimed under
35 section 43-1080 and which is sold or otherwise disposed of during the taxable
36 year exceeds the adjusted basis of the property computed under section
37 43-1080.

38 18. The amount by which the depreciation or amortization computed under
39 the internal revenue code with respect to property for which a credit was
40 taken under either section 43-1081 or 43-1081.01 exceeds the amount of
41 depreciation or amortization computed pursuant to the internal revenue code
42 on the Arizona adjusted basis of the property.

43 19. The amount by which the adjusted basis computed under the internal
44 revenue code with respect to property for which a credit was claimed under
45 section 43-1074.02, 43-1081 or 43-1081.01 and which is sold or otherwise

1 disposed of during the taxable year exceeds the adjusted basis of the
2 property computed under section 43-1074.02, 43-1081 or 43-1081.01, as
3 applicable.

4 20. The deduction referred to in section 1341(a)(4) of the internal
5 revenue code for restoration of a substantial amount held under a claim of
6 right.

7 21. The amount by which a net operating loss carryover or capital loss
8 carryover allowable pursuant to section 1341(b)(5) of the internal revenue
9 code exceeds the net operating loss carryover or capital loss carryover
10 allowable pursuant to section 43-1029, subsection F.

11 22. Any amount deducted pursuant to section 170 of the internal revenue
12 code representing contributions to a school tuition organization or a public
13 school for which a credit is claimed under section 43-1089 or 43-1089.01.

14 23. Any amount deducted in computing Arizona gross income as expenses
15 for installing solar stub outs or electric vehicle recharge outlets in this
16 state with respect to which a credit is claimed pursuant to section 43-1090.

17 24. Any wage expenses deducted pursuant to the internal revenue code
18 for which a credit is claimed under section 43-1087 and representing net
19 increases in qualified employment positions for employment of temporary
20 assistance for needy families recipients.

21 25. Any amount deducted for conveying ownership or development rights
22 of property to an agricultural preservation district under section 48-5702
23 for which a credit is claimed under section 43-1081.02.

24 26. The amount of any depreciation allowance allowed pursuant to
25 section 167(a) of the internal revenue code to the extent not previously
26 added.

27 27. With respect to property for which an expense deduction was taken
28 pursuant to section 179 of the internal revenue code, the amount in excess of
29 twenty-five thousand dollars.

30 28. The amount of any deductions that are claimed in computing federal
31 adjusted gross income representing expenses for which a credit is claimed
32 under section 43-1075.

33 29. THE AMOUNT BY WHICH THE DEPRECIATION OR AMORTIZATION COMPUTED UNDER
34 THE INTERNAL REVENUE CODE WITH RESPECT TO PROPERTY FOR WHICH A CREDIT WAS
35 TAKEN UNDER SECTION 43-1090.01 EXCEEDS THE AMOUNT OF DEPRECIATION OR
36 AMORTIZATION COMPUTED PURSUANT TO THE INTERNAL REVENUE CODE ON THE ARIZONA
37 ADJUSTED BASIS OF THE PROPERTY.

38 30. THE AMOUNT BY WHICH THE ADJUSTED BASIS COMPUTED UNDER THE INTERNAL
39 REVENUE CODE WITH RESPECT TO PROPERTY FOR WHICH A CREDIT WAS CLAIMED UNDER
40 SECTION 43-1090.01 AND WHICH IS SOLD OR OTHERWISE DISPOSED OF DURING THE
41 TAXABLE YEAR EXCEEDS THE ADJUSTED BASIS OF THE PROPERTY COMPUTED UNDER
42 SECTION 43-1090.01.

43 31. THE AMOUNT OF A NONQUALIFIED WITHDRAWAL, AS DEFINED IN SECTION
44 15-1871, FROM A COLLEGE SAVINGS PLAN ESTABLISHED PURSUANT TO SECTION 529 OF
45 THE INTERNAL REVENUE CODE THAT IS MADE TO A DISTRIBUTE TO THE EXTENT THE

1 AMOUNT IS NOT INCLUDED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME, EXCEPT
2 THAT THE AMOUNT ADDED UNDER THIS PARAGRAPH SHALL NOT EXCEED THE DIFFERENCE IN
3 THE AMOUNT SUBTRACTED UNDER SECTION 43-1022 AND THE AMOUNT ADDED IN THE PRIOR
4 TAXABLE YEAR.

5 Sec. 20. Repeal

6 Section 43-1021, Arizona Revised Statutes, as amended by Laws 2005,
7 chapter 292, section 2, is repealed.

8 Sec. 21. Section 43-1022, Arizona Revised Statutes, is amended to
9 read:

10 43-1022. Subtractions from Arizona gross income

11 In computing Arizona adjusted gross income, the following amounts shall
12 be subtracted from Arizona gross income:

13 1. The amount of exemptions allowed by section 43-1023.

14 2. Benefits, annuities and pensions in an amount totaling not more
15 than two thousand five hundred dollars received from one or more of the
16 following:

17 (a) The United States government service retirement and disability
18 fund, retired or retainer pay of the uniformed services of the United States,
19 the United States foreign service retirement and disability system and any
20 other retirement system or plan established by federal law.

21 (b) The Arizona state retirement system, the corrections officer
22 retirement plan, the public safety personnel retirement system, the elected
23 officials' retirement plan, an optional retirement program established by the
24 Arizona board of regents under section 15-1628, an optional retirement
25 program established by a community college district board under section
26 15-1451 or a retirement plan established for employees of a county, city or
27 town in this state.

28 3. A beneficiary's share of the fiduciary adjustment to the extent
29 that the amount determined by section 43-1333 decreases the beneficiary's
30 Arizona gross income.

31 4. The amount of any distributions from an individual retirement
32 account as provided for in section 408 of the internal revenue code or from a
33 qualified retirement plan of a self-employed individual as provided for in
34 section 401 of the internal revenue code to the extent that total adjustments
35 made pursuant to this paragraph in all tax years do not exceed the total of
36 all contributions made by the taxpayer to such plans prior to December 31,
37 1975, which were included in computing Arizona taxable income.

38 5. The amount of income on an installment receivable which is
39 recognized pursuant to the internal revenue code and which has already been
40 recognized on the death of the taxpayer for purposes of this title for tax
41 years ending before January 1, 1990.

42 6. Interest income received on obligations of the United States, less
43 any interest on indebtedness, or other related expenses, and deducted in
44 arriving at Arizona gross income, which were incurred or continued to
45 purchase or carry such obligations.

- 1 7. The amount of any income tax refunds which were received from
2 states other than Arizona and which were included as income in computing
3 federal adjusted gross income.
- 4 8. Annuity income included in federal adjusted gross income pursuant
5 to section 72 of the internal revenue code if the first payment with respect
6 to such annuity was received prior to December 31, 1978.
- 7 9. The excess of a partner's share of income required to be included
8 under section 702(a)(8) of the internal revenue code over the income required
9 to be included under chapter 14, article 2 of this title.
- 10 10. The excess of a partner's share of partnership losses determined
11 pursuant to chapter 14, article 2 of this title over the losses allowable
12 under section 702(a)(8) of the internal revenue code.
- 13 11. The amount by which the adjusted basis of property described in
14 this paragraph and computed pursuant to this title and the income tax act of
15 1954, as amended, exceeds the adjusted basis of such property computed
16 pursuant to the internal revenue code. This paragraph shall apply to all
17 property which is held for the production of income and which is sold or
18 otherwise disposed of during the taxable year other than depreciable property
19 used in a trade or business.
- 20 12. The amount allowed by section 43-1024 for amortization, by a
21 qualified defense contractor certified by the department of commerce under
22 section 41-1508, of a capital investment for private commercial activities.
- 23 13. The amount of gain included in federal adjusted gross income on the
24 sale or other disposition of a capital investment that a qualified defense
25 contractor has elected to amortize pursuant to section 43-1024.
- 26 14. The amount allowed by section 43-1025 for contributions during the
27 taxable year of agricultural crops to charitable organizations.
- 28 15. The portion of any wages or salaries paid or incurred by the
29 taxpayer for the taxable year that is equal to the amount of the federal work
30 opportunity credit, the empowerment zone employment credit, the credit for
31 employer paid social security taxes on employee cash tips and the Indian
32 employment credit that the taxpayer received under sections 45A, 45B, 51(a)
33 and 1396 of the internal revenue code.
- 34 16. The amount of prizes or winnings less than five thousand dollars in
35 a single taxable year from any of the state lotteries established and
36 operated pursuant to title 5, chapter 5, article 1, except that all such
37 winnings before March 22, 1983, including periodic distributions from such
38 winnings made after March 22, 1983, may be subtracted.
- 39 17. The amount of exploration expenses that is determined pursuant to
40 section 617 of the internal revenue code, that has been deferred in a taxable
41 year ending before January 1, 1990 and for which a subtraction has not
42 previously been made. The subtraction shall be made on a ratable basis as
43 the units of produced ores or minerals discovered or explored as a result of
44 this exploration are sold.

1 18. The amount included in federal adjusted gross income pursuant to
2 section 86 of the internal revenue code, relating to taxation of social
3 security and railroad retirement benefits.

4 19. To the extent not already excluded from Arizona gross income under
5 section 112 of the internal revenue code, compensation received for active
6 service as a member of the armed forces of the United States for any month
7 during any part of which the member served in a combat zone as determined
8 under section 112 of the internal revenue code or in an area given the same
9 treatment as a combat zone for purposes of section 112 of the internal
10 revenue code.

11 20. The amount of unreimbursed medical and hospital costs, adoption
12 counseling, legal and agency fees and other nonrecurring costs of adoption
13 not to exceed three thousand dollars. In the case of a husband and wife who
14 file separate returns, the subtraction may be taken by either taxpayer or may
15 be divided between them, but the total subtractions allowed both husband and
16 wife shall not exceed three thousand dollars. The subtraction under this
17 paragraph may be taken for the costs that are described in this paragraph and
18 that are incurred in prior years, but the subtraction may be taken only in
19 the year during which the final adoption order is granted.

20 21. The amount authorized by section 43-1027 for the taxable year
21 relating to qualified wood stoves, wood fireplaces or gas fired fireplaces.

22 22. With respect to a medical savings account established pursuant to
23 section 43-1028:

24 (a) An eligible individual may subtract:

25 (i) The amount of contributions made by the individual's employer
26 during the taxable year to the individual's medical savings account pursuant
27 to section 43-1028 to the extent that the employer contributions are included
28 in the individual's federal adjusted gross income.

29 (ii) The amount deposited by the individual in the account during the
30 taxable year to the extent that the individual's contributions are included
31 in the individual's federal adjusted gross income.

32 (b) The individual's employer may subtract the amount of contributions
33 made by the employer to a medical savings account established on the
34 individual's behalf to the extent that the contributions are not deductible
35 under the internal revenue code.

36 23. The amount by which a net operating loss carryover or capital loss
37 carryover allowable pursuant to section 43-1029, subsection F exceeds the net
38 operating loss carryover or capital loss carryover allowable pursuant to
39 section 1341(b)(5) of the internal revenue code.

40 24. Any amount of qualified educational expenses that is distributed
41 from a qualified state tuition program determined pursuant to section 529 of
42 the internal revenue code and that is included in income in computing federal
43 adjusted gross income.

1 25. Any item of income resulting from an installment sale that has been
2 properly subjected to income tax in another state in a previous taxable year
3 and that is included in Arizona gross income in the current taxable year.

4 26. The amount authorized by section 43-1030 relating to holocaust
5 survivors.

6 27. The amount authorized by section 43-1031 for constructing an energy
7 efficient residence.

8 28. An amount equal to the depreciation allowable pursuant to section
9 167(a) of the internal revenue code for the taxable year computed as if the
10 election described in section 168(k)(2)(C)(iii) of the internal revenue code
11 had been made for each applicable class of property in the year the property
12 was placed in service.

13 29. With respect to property that is sold or otherwise disposed of
14 during the taxable year by a taxpayer that complied with section 43-1021,
15 paragraph 26 with respect to that property, the amount of depreciation that
16 has been allowed pursuant to section 167(a) of the internal revenue code to
17 the extent that the amount has not already reduced Arizona taxable income in
18 the current or prior taxable years.

19 30. With respect to property for which an adjustment was made under
20 section 43-1021, paragraph 27, an amount equal to one-fifth of the amount of
21 the adjustment pursuant to section 43-1021, paragraph 27 in the year in which
22 the amount was adjusted under section 43-1021, paragraph 27 and in each of
23 the following four years.

24 31. THE AMOUNT CONTRIBUTED DURING THE TAXABLE YEAR TO A COLLEGE SAVINGS
25 PLAN ESTABLISHED UNDER TITLE 15, CHAPTER 14, ARTICLE 7 TO THE EXTENT THAT THE
26 CONTRIBUTIONS WERE NOT DEDUCTED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME.
27 THE AMOUNT SUBTRACTED SHALL NOT EXCEED:

28 (a) TWO THOUSAND DOLLARS FOR A SINGLE INDIVIDUAL OR A HEAD OF
29 HOUSEHOLD.

30 (b) FOUR THOUSAND DOLLARS FOR A MARRIED COUPLE FILING A JOINT
31 RETURN. IN THE CASE OF A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS, THE
32 SUBTRACTION MAY BE TAKEN BY EITHER TAXPAYER OR MAY BE DIVIDED BETWEEN THEM,
33 BUT THE TOTAL SUBTRACTIONS ALLOWED BOTH HUSBAND AND WIFE SHALL NOT EXCEED
34 FOUR THOUSAND DOLLARS.

35 Sec. 22. Retroactivity

36 The following sections of this act apply retroactively to taxable years
37 beginning from and after December 31, 2005:

38 1. Section 43-1021, Arizona Revised Statutes, as amended by Laws 2005,
39 chapter 316, section 3 and chapter 317, section 11, as further amended by
40 this act.

41 2. Section 43-1021, Arizona Revised Statutes, as amended by Laws 2005,
42 chapter 292, section 2, as repealed by this act.

43 3. Section 43-1022, Arizona Revised Statutes, as amended by this act.

1 Sec. 23. Transfer of fund monies

2 On the effective date of this act, all monies in the postsecondary
3 education fund are transferred to the K-20 coordinating council fund.

4 Sec. 24. Succession

5 A. As provided by this act, the K-20 coordinating council succeeds to
6 the authority, powers, duties and responsibilities of the commission for
7 postsecondary education.

8 B. This act does not alter the effect of any actions that were taken
9 or impair the valid obligations of the commission for postsecondary education
10 in existence before the effective date of this act.

11 C. Administrative rules and orders that were adopted by the commission
12 for postsecondary education continue in effect until superseded by
13 administrative action by the K-20 coordinating council.

14 D. All administrative matters, contracts and judicial and
15 quasi-judicial actions, whether completed, pending or in process, of the
16 commission for postsecondary education on the effective date of this act are
17 transferred to and retain the same status with the K-20 coordinating
18 council.

19 E. All certificates, licenses, registrations, permits and other
20 indicia of qualification and authority that were issued by the commission for
21 postsecondary education retain their validity for the duration of their terms
22 of validity as provided by law.

23 F. All equipment, records, furnishings and other property, all data
24 and investigative findings and all appropriated monies that remain unexpended
25 and unencumbered on the effective date of this act of the commission for
26 postsecondary education are transferred to the K-20 coordinating council.

27 G. All personnel who are under the state personnel system and who are
28 employed by the commission for postsecondary education are transferred to
29 comparable positions and pay classifications in the respective administrative
30 units of the K-20 coordinating council on the effective date of this act.

31 Sec. 25. Retention of members

32 A. Notwithstanding section 15-1851, Arizona Revised Statutes, as added
33 by this act, all persons serving as members of the commission for
34 postsecondary education on the effective date of this act may serve as
35 members on the K-20 coordinating council for one year from the effective date
36 of this act or until the expiration of their normal terms, whichever occurs
37 first.

38 B. Former members of the commission for postsecondary education shall
39 exercise the same rights and privileges on the K-20 coordinating council as
40 the members exercised on the commission for postsecondary education,
41 including voting, until all initial members specifically appointed to the
42 K-20 coordinating council are confirmed by the senate.

43 C. After all initial members specifically appointed to the K-20
44 coordinating council are confirmed by the senate, the former members of the
45 commission for postsecondary education shall serve as advisory nonvoting

1 members of the K-20 coordinating council for the duration of the time period
2 specified in subsection A of this section.

3 Sec. 26. Initial members of K-20 coordinating council

4 A. Notwithstanding section 15-1851, Arizona Revised Statutes, as added
5 by this act, the initial terms of the members of the K-20 coordinating
6 council are:

7 1. For members appointed pursuant to section 15-1851, subsection A,
8 paragraph 1, Arizona Revised Statutes:

9 (a) One term ending on the third Monday in January, 2008.

10 (b) One term ending on the third Monday in January, 2009.

11 2. For members appointed pursuant to section 15-1851, subsection A,
12 paragraph 2, Arizona Revised Statutes:

13 (a) One term ending on the third Monday in January, 2008.

14 (b) One term ending on the third Monday in January, 2009.

15 3. For members appointed pursuant to section 15-1851, subsection A,
16 paragraph 3, Arizona Revised Statutes:

17 (a) One term ending on the third Monday in January, 2008.

18 (b) One term ending on the third Monday in January, 2009.

19 4. For members appointed pursuant to section 15-1851, subsection A,
20 paragraph 4, Arizona Revised Statutes:

21 (a) One term ending on the third Monday in January, 2008.

22 (b) One term ending on the third Monday in January, 2009.

23 5. For members appointed pursuant to section 15-1851, subsection A,
24 paragraph 8, Arizona Revised Statutes:

25 (a) One term ending on the third Monday in January, 2008.

26 (b) One term ending on the third Monday in January, 2009.

27 B. The governor may appoint a person who is a member of the commission
28 on postsecondary education on the effective date of this act to a new term on
29 the K-20 coordinating council.

30 C. A member appointed to the K-20 coordinating council during a time
31 in which the legislature is not in regular session, the appointed member may
32 discharge the duties of the office pending senate confirmation as prescribed
33 in section 38-211, Arizona Revised Statutes.

34 D. The governor shall make all subsequent appointments as prescribed
35 by statute.

36 Sec. 27. Appropriation; purpose; exemption

37 A. The sum of \$225,000 is appropriated from the state general fund in
38 fiscal year 2006-2007 to the commission for postsecondary education for three
39 full-time equivalent positions in order to carry out the purposes of this
40 act.

41 B. The appropriation made in subsection A of this section is exempt
42 from the provisions of section 35-190, Arizona Revised Statutes, relating to
43 lapsing of appropriations.

1 Sec. 28. Appropriation; purpose; exemption

2 A. The sum of \$355,100 is appropriated from the state general fund in
3 fiscal year 2006-2007 to the K-20 coordinating council for five full-time
4 equivalent positions in order to carry out the purposes of this act.

5 B. The appropriation made in subsection A of this section is exempt
6 from the provisions of section 35-190, Arizona Revised Statutes, relating to
7 lapsing of appropriations.

8 Sec. 29. Purpose

9 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
10 the legislature establishes the K-20 coordinating council for the purpose of
11 promoting a seamless educational system in this state, to review current
12 performance measures for public community colleges, public universities and
13 private postsecondary educational institutions, to identify, align and
14 standardize common performance measures, to recommend new performance
15 measures and to improve articulation and coordination among all sectors of
16 education in this state.

17 Sec. 30. Effective date

18 Sections 1 through 18, sections 23 through 26 and section 29 of this
19 act are effective from and after June 30, 2007.