

REFERENCE TITLE: 2009-2010 budget reconciliation; higher education

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
First Regular Session  
2009

## **HB 2640**

Introduced by  
Representatives Tobin: Adams, Kavanagh, McComish, Yarbrough (with  
permission of Committee on Rules)

AN ACT

AMENDING SECTIONS 15-1461, 15-1601, 15-1626 AND 15-1877, ARIZONA REVISED  
STATUTES; RELATING TO HIGHER EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1461, Arizona Revised Statutes, is amended to  
3 read:

4 15-1461. District budget: annual estimate: computation: notice:  
5 hearing: adoption

6 A. Not later than June 5, each district established pursuant to this  
7 chapter, and any other community college established prior to the enactment  
8 of this chapter, shall prepare a proposed budget for the budget year on a  
9 form which the auditor general prescribes to be transmitted to the district  
10 board. The proposed budget shall be accompanied by an estimate of the amount  
11 of funds needed for the ensuing year as determined by the district based on  
12 the proposed budget prepared by it.

13 B. The district shall establish and set forth in the proposed budget  
14 the per capita expenditure per full-time equivalent student, which shall be  
15 the total operational expenses.

16 C. The district shall establish and set forth in the proposed budget  
17 the per capita expenditure per full-time equivalent student, which shall be  
18 the total capital outlay expenses.

19 D. The number of basic full-time equivalent students shall be computed  
20 by dividing the total community college credit units by fifteen per semester  
21 and shall be based on regular day enrollment. The number of additional  
22 short-term full-time equivalent students shall be computed by dividing the  
23 total community college credit units from additional short-term classes by  
24 thirty. The number of skill center full-time equivalent students shall be  
25 computed by dividing the total number of clock hours in approved vocational  
26 training programs by six hundred forty.

27 E. The governing board of each district shall prepare a notice fixing  
28 a time not later than June 20 and designating a public place within each  
29 district at which a public hearing and special board meeting shall be held.  
30 THE GOVERNING BOARD OF EACH DISTRICT SHALL PUBLISH A NOTICE OF THE PUBLIC  
31 HEARING AND SPECIAL BOARD MEETING NOT LATER THAN FIFTEEN DAYS BEFORE THE  
32 MEETING. The governing board shall PUBLISH THE PROPOSED BUDGET ON ITS  
33 WEBSITE AND present the proposed budget for consideration of the residents  
34 and the taxpayers of the district at such meeting.

35 F. ~~The governing board of each district shall publish a copy of the~~  
36 ~~proposed budget prior to the meeting and, in addition, a notice of the public~~  
37 ~~hearing and special board meeting not later than fifteen days prior to the~~  
38 ~~meeting.~~ The proposed budget shall contain but need not be limited to the  
39 following information:

40 1. The estimated cost of all operational, capital outlay and debt  
41 service expenses.

42 2. The percentage of increase or decrease in each budget category as  
43 compared to each category of the budget for the current year.

44 3. The total amount of revenues by source that was necessary to meet  
45 the district's budget for the current year.

- 1           4. The total amount of revenues by source that will be necessary to  
2 meet the proposed district budget.
- 3           5. The total property tax levy of the district for the current year.
- 4           6. The levy for primary property taxes and the levy for secondary  
5 property taxes for the current year.
- 6           7. The primary property tax rate and secondary property tax rate for  
7 the current year.
- 8           8. The estimated amount of total property tax levies for the district  
9 and the primary property tax and secondary property tax components thereof  
10 necessary for the budget year.
- 11          9. The maximum amount of primary property tax dollars which the  
12 district is permitted to levy pursuant to title 42, chapter 17, article 2 for  
13 the budget year.
- 14          10. The amount of secondary property tax dollars which the district  
15 will levy for the budget year.
- 16          11. The amount of monies received from primary property taxation in the  
17 previous fiscal year in excess of the maximum allowable amount as calculated  
18 pursuant to title 42, chapter 17, article 2.
- 19          G. The governing board shall publish the proposed budget and the  
20 notice of the public hearing and special board meeting a second time not  
21 later than five days prior to the meeting. Publication shall be made in a  
22 newspaper of general circulation within the district. The cost of  
23 publication shall be a charge against the district. If a truth in taxation  
24 notice and hearing is required under section 15-1461.01, the district may  
25 combine the notice and hearing under this section with the truth in taxation  
26 notice and hearing.
- 27          H. If the district fails to publish the proposed budget, notice and  
28 statements required by subsection F of this section, the board of supervisors  
29 shall levy on the property in the district the lesser of the amount of  
30 primary property taxes which were levied for the district in the current year  
31 or the amount which would be produced by the primary property tax rate which  
32 was levied for the district in the current year.
- 33          I. At the time and place fixed in the notice, the members of the  
34 governing board shall hold the public hearing and present the proposed budget  
35 to the persons attending the hearing. Upon request of any person, the  
36 governing board shall explain the budget and any resident or taxpayer of the  
37 district may protest the inclusion of any item in the proposed budget.
- 38          J. Immediately following the public hearing the chairman shall call to  
39 order the special board meeting for the purpose of adopting the budget. The  
40 governing board shall adopt the budget making deductions from the budget as  
41 it sees fit but making no additions to the budget and shall enter the budget  
42 as adopted in its minutes. The governing board shall not adopt the budget if  
43 the property tax requirements of the budget, excluding amounts budgeted and  
44 levied for secondary property taxes, exceed the amounts authorized pursuant  
45 to title 42, chapter 17, article 2.

1           Sec. 2. Section 15-1601, Arizona Revised Statutes, is amended to read:  
2           15-1601. State universities; location; faculty powers

3           A. The Arizona board of regents shall maintain state universities at  
4 Flagstaff in Coconino county, at Tempe in Maricopa county and at Tucson in  
5 Pima county, and the universities are respectively designated northern  
6 Arizona university, Arizona state university and the university of Arizona.  
7 The board shall maintain an Arizona state university campus in western  
8 Maricopa county designated as Arizona state university west campus, **WHICH**  
9 **SHALL BE IDENTIFIED AS A SEPARATE BUDGET UNIT IN THE GENERAL APPROPRIATIONS**  
10 **ACT**. The board shall maintain an Arizona state university campus in eastern  
11 Maricopa county designated as Arizona state university east campus, **WHICH**  
12 **SHALL BE IDENTIFIED AS A SEPARATE BUDGET UNIT IN THE GENERAL APPROPRIATIONS**  
13 **ACT**. The board may establish and maintain other colleges and universities  
14 subject to legislative authority. Subject to review by the joint committee  
15 on capital review, the board may establish new campuses that are separate  
16 from any location in existence on July 1, 2007. **THE ARIZONA STATE UNIVERSITY**  
17 **CAMPUS AT TEMPE SHALL PROVIDE ADMINISTRATIVE SUPPORT FOR THE ARIZONA STATE**  
18 **UNIVERSITY CAMPUSES IN WESTERN MARICOPA COUNTY AND IN EASTERN MARICOPA**  
19 **COUNTY**.

20           B. The universities shall have colleges, schools and departments and  
21 give courses of study and academic degrees as the board approves. Subject to  
22 the responsibilities and powers of the board and the university presidents,  
23 the faculty members of the universities, through their elected faculty  
24 representatives, shall share responsibility for academic and educational  
25 activities and matters related to faculty personnel. The faculty members of  
26 each university, through their elected faculty representatives, shall  
27 participate in the governance of their respective universities and shall  
28 actively participate in the development of university policy.

29           Sec. 3. Section 15-1626, Arizona Revised Statutes, is amended to read:  
30           15-1626. General administrative powers and duties of board

31           A. The board shall:

32           1. Have and exercise the powers necessary for the effective governance  
33 and administration of the institutions under its control. To that end, the  
34 board may adopt, and authorize each university to adopt, such regulations,  
35 policies, rules or measures as are deemed necessary and may delegate in  
36 writing to its committees, to its university presidents, or their designees,  
37 or to other entities under its control, any part of its authority for the  
38 administration and governance of such institutions, including those powers  
39 enumerated in section 15-1625, subsection B, paragraphs 2 and 4, paragraphs  
40 3, 4, 8, 9, 11 and 12 of this subsection and subsection B of this section.  
41 Any delegation of authority may be rescinded by the board at any time in  
42 whole or in part.

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

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

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

9           5. Fix tuitions and fees to be charged and differentiate the tuitions  
10 and fees between institutions and between residents, nonresidents,  
11 undergraduate students, graduate students, students from foreign countries  
12 and students who have earned credit hours in excess of the credit hour  
13 threshold. For the purposes of this paragraph, the undergraduate credit hour  
14 threshold is one hundred fifty-five hours for students who attend a  
15 university under the jurisdiction of the board in fiscal year 2006-2007, one  
16 hundred fifty hours for students who attend a university under the  
17 jurisdiction of the board in fiscal year 2007-2008 and one hundred forty-five  
18 hours for students who attend a university under the jurisdiction of the  
19 board after fiscal year 2007-2008. The undergraduate credit hour threshold  
20 shall be based on the actual full-time equivalent student enrollment counted  
21 on the twenty-first day after classes begin for the fall semester of 2005  
22 THROUGH 2008 and ON THE FORTY-FIFTH DAY OF every fall AND SPRING semester  
23 thereafter, DIVIDED BY TWO, and any budget adjustment based on student  
24 enrollment shall occur in the fiscal year following the actual full-time  
25 equivalent student enrollment count. The undergraduate credit hour threshold  
26 shall not apply to degree programs that require credit hours above the credit  
27 hour threshold, credits earned in the pursuit of up to two baccalaureate  
28 degrees, credits earned in the pursuit of up to two state regulated  
29 licensures or certificates, credits earned in the pursuit of teaching  
30 certification, credits transferred from a private institution of higher  
31 education, credits transferred from an institution of higher education in  
32 another state, credits earned at another institution of higher education but  
33 that are not accepted as transfer credits at the university where the student  
34 is currently enrolled and credits earned by students who enroll at a  
35 university under the jurisdiction of the board more than twenty-four months  
36 after the end of that student's previous enrollment at a public institution  
37 of higher education in this state. On or before October 15 of each year, the  
38 board shall report to the joint legislative budget committee the number of  
39 students who were enrolled at universities under the jurisdiction of the  
40 board during the previous fiscal year who met or exceeded the undergraduate  
41 credit hour threshold prescribed in this paragraph. The amount of tuition,  
42 registration fees and other revenues included in the operating budget for the  
43 university adopted by the board as prescribed in paragraph 13 of this  
44 subsection shall be deposited, pursuant to sections 35-146 and 35-147. All  
45 other tuition and fee revenue shall be retained by each university for

1 expenditure as approved by the board, except that the universities shall not  
2 use any tuition or fee revenue to fund or support an alumni association.

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

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

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

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

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

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

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

26 8. Establish curriculums and designate courses at the several  
27 institutions which in its judgment will best serve the interests of this  
28 state.

29 9. Award such degrees and diplomas upon the completion of such courses  
30 and curriculum requirements as it deems appropriate.

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

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

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

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

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

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

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

24           17. Beginning July 1, 2007, acquire United States flags for each  
25 classroom that are manufactured in the United States and that are at least  
26 two feet by three feet and hardware to appropriately display the United  
27 States flags, acquire a legible copy of the Constitution of the United States  
28 and the Bill of Rights, display the flags in each classroom in accordance  
29 with title 4 of the United States Code and display a legible copy of the  
30 Constitution of the United States and the Bill of Rights adjacent to the  
31 flag.

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

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

39           (i) The transfer of student records.

40           (ii) Awarding credit for completed course work.

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

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

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

4           B. The board shall adopt personnel rules. All nonacademic employees  
5 of the universities are subject to these rules except for university  
6 presidents, university vice-presidents, university deans, legal counsel and  
7 administrative officers. The personnel rules shall be similar to the  
8 personnel rules under section 41-783. The rules shall include provisions for  
9 listing available positions with the department of economic security,  
10 competitive employment processes for applicants, probationary status for new  
11 nonacademic employees, nonprobationary status on successful completion of  
12 probation and due process protections of nonprobationary employees after  
13 discharge. The board shall provide notice of proposed rule adoption and an  
14 opportunity for public comment on all personnel rules proposed for adoption.

15           C. ~~IN CONJUNCTION WITH THE AUDITOR GENERAL, THE BOARD SHALL DEVELOP A~~  
16 ~~UNIFORM ACCOUNTING AND REPORTING SYSTEM, WHICH SHALL BE REVIEWED BY THE JOINT~~  
17 ~~LEGISLATIVE BUDGET COMMITTEE BEFORE FINAL ADOPTION BY THE BOARD. THE BOARD~~  
18 ~~SHALL REQUIRE EACH UNIVERSITY TO COMPLY WITH THE UNIFORM ACCOUNTING AND~~  
19 ~~REPORTING SYSTEM.~~

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

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

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

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

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



1 with the Arizona-Mexico commission to coordinate recruitment and admissions  
2 activities.

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

7 Sec. 4. Section 15-1877, Arizona Revised Statutes, is amended to read:  
8 15-1877. Scholarships and financial aid provisions

9 A. Any student loan program, student grant program or other financial  
10 assistance program established or administered by this state shall treat the  
11 balance in an account of which the student is a designated beneficiary as  
12 neither an asset of the parent of the designated beneficiary nor as a  
13 scholarship, a grant or an asset of the student for determining a student's  
14 or parent's income, assets or financial need.

15 B. Subsection A OF THIS SECTION applies to any state appropriated  
16 financial assistance program administered by a college or university in this  
17 state including the financial aid trust fund, established by section 15-1642,  
18 the leveraging educational assistance program established by section 1203 of  
19 the higher education act amendments of 1998 (P.L. 105-244; 112 Stat. 1581;  
20 20 United States Code section 1001) and the private postsecondary education  
21 student financial assistance program established by section 15-1854.

22 C. Subsections A and B OF THIS SECTION do not apply if any of the  
23 following conditions ~~exist~~ EXISTS:

24 1. Federal law requires all or a portion of the amount in an account  
25 to be taken into consideration in a different manner.

26 2. Federal benefits could be lost if all or a portion of the amount in  
27 an account is not taken into consideration in a different manner.

28 3. A specific grant establishing a financial assistance program  
29 requires that all or a portion of the amount in an account be taken into  
30 consideration.

31 D. A STUDENT IN THIS STATE IS NOT ELIGIBLE TO PARTICIPATE IN THE  
32 LEVERAGING EDUCATIONAL ASSISTANCE PROGRAM ESTABLISHED BY SECTION 1203 OF THE  
33 HIGHER EDUCATION ACT AMENDMENTS OF 1998 (P.L. 105-244; 112 STAT. 1581;  
34 20 UNITED STATES CODE SECTION 1001) UNLESS THE STUDENT MEETS ALL OF THE  
35 FOLLOWING CRITERIA:

36 1. THE STUDENT IS A RESIDENT OF THIS STATE.

37 2. THE STUDENT DEMONSTRATES FINANCIAL NEED UNDER THE CRITERIA  
38 ESTABLISHED FOR THE PROGRAM.

39 3. THE STUDENT IS ATTENDING, ON AT LEAST A HALF-TIME BASIS, AN  
40 APPROVED PROGRAM AT A PROPERLY ACCREDITED POSTSECONDARY EDUCATIONAL  
41 INSTITUTION IN THIS STATE.

42 Sec. 5. Community colleges; capital outlay aid; suspension

43 Notwithstanding section 15-1464, Arizona Revised Statutes, or any other  
44 law, capital outlay state aid for community colleges is suspended for fiscal  
45 year 2009-2010.

