

REFERENCE TITLE: university presidents; ABOR; maximum compensation

State of Arizona
Senate
Fifty-seventh Legislature
First Regular Session
2025

SB 1453

Introduced by
Senator Farnsworth

AN ACT

AMENDING SECTION 15-1626, ARIZONA REVISED STATUTES; RELATING TO THE ARIZONA BOARD OF REGENTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-1626, Arizona Revised Statutes, is amended to
3 read:

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

6 A. The ARIZONA board OF REGENTS shall:

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17 delegation of authority ~~may be rescinded by the board~~ at any time in whole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

19 2. Appoint and employ and determine the compensation of presidents
20 with such power and authority and for such purposes in connection with the
21 operation of the institutions as the board deems necessary, SUBJECT TO THE
22 FOLLOWING REQUIREMENTS:

23 (a) THE ANNUAL SALARY OF A PRESIDENT MAY NOT EXCEED \$500,000.

24 (b) THE MAXIMUM AGGREGATE VALUE OF BONUSES, INCENTIVES AND OTHER
25 COMPENSATION, INCLUDING NONMONETARY COMPENSATION, THAT A PRESIDENT MAY
26 RECEIVE EACH YEAR IS FIFTEEN PERCENT OF THE PRESIDENT'S ANNUAL SALARY.

27 (c) A PRESIDENT MAY RECEIVE A BONUS, INCENTIVE OR OTHER
28 COMPENSATION, INCLUDING NONMONETARY COMPENSATION, ONLY FOR PERFORMANCE
29 THAT BOTH EXCEEDS THE PRESIDENT'S ASSIGNED DUTIES AND DIRECTLY BENEFITS
30 THE INSTITUTION'S STUDENTS, STAFF OR FACULTY.

31 3. Appoint and employ and determine the compensation of
32 ~~vice-presidents~~ VICE PRESIDENTS, deans, professors, instructors,
33 lecturers, fellows and such other officers and employees with such power
34 and authority and for such purposes in connection with the operation of
35 the institutions as the board deems necessary, or delegate its authority
36 pursuant to paragraph 1 of this subsection.

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

40 5. Fix tuitions and fees to be charged and differentiate the
41 tuitions and fees between institutions and between residents,
42 nonresidents, undergraduate students, graduate students, students from
43 foreign countries and students who have earned credit hours in excess of
44 the credit hour threshold. For the purposes of this paragraph, the
45 undergraduate credit hour threshold is one hundred forty-five hours for

1 students who attend a university under the jurisdiction of the board. The
2 undergraduate credit hour threshold shall be based on the actual full-time
3 equivalent student enrollment counted on the forty-fifth day of every fall
4 and spring semester, divided by two, and any budget adjustment based on
5 student enrollment shall occur in the fiscal year following the actual
6 full-time equivalent student enrollment count. The undergraduate credit
7 hour threshold shall not apply to degree programs that require credit
8 hours above the credit hour threshold, credits earned in the pursuit of up
9 to two baccalaureate degrees, credits earned in the pursuit of up to two
10 state regulated licensures or certificates, credits earned in the pursuit
11 of teaching certification, credits transferred from a private institution
12 of higher education, credits transferred from an institution of higher
13 education in another state, credits earned at another institution of
14 higher education but that are not accepted as transfer credits at the
15 university where the student is currently enrolled and credits earned by
16 students who enroll at a university under the jurisdiction of the board
17 more than twenty-four months after the end of that student's previous
18 enrollment at a public institution of higher education in this state. On
19 or before October 15 of each year, the board shall report to the joint
20 legislative budget committee the number of in-state students and
21 out-of-state students who were enrolled at universities under the
22 jurisdiction of the board during the previous fiscal year and who met or
23 exceeded the undergraduate credit hour threshold prescribed in this
24 paragraph. The amount of tuition and fees included in the operating
25 budget for the university adopted by the board as prescribed in paragraph
26 13 of this subsection shall be subject to legislative appropriation and
27 deposited in a separate tuition and fees subaccount for each university.
28 All other tuition and fee revenue shall be retained by each university for
29 expenditure as approved by the board in a separate local tuition and fees
30 subaccount for each university. This subaccount shall consist of only
31 tuition and fees. The universities shall not use any tuition or fee
32 revenue to fund or support an alumni association.

33 6. Adopt rules to govern ~~its~~ THE BOARD'S tuition and academic fee
34 setting process that provide for the following:

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

38 (b) Publication of the notice of public hearing at least ten days
39 before the hearing in a newspaper of general circulation in Maricopa
40 county, Coconino county and Pima county. The notice shall include the
41 date, time and location of the public hearing.

42 (c) Public disclosure by each university of any proposed increases
43 in tuition or fees at least ten days before the public hearing.

1 (d) A roll call vote of any final board action on changes in
2 tuition, including tuition rate changes for online programs, or academic
3 fees.

4 (e) Public disclosure by the board and each university of any final
5 board action on changes in tuition or academic fees.

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

13 8. Establish curricula and designate courses at the several
14 institutions that in ~~its~~ THE BOARD'S judgment will best serve the
15 interests of this state.

16 9. Award such degrees and diplomas on the completion of such
17 courses and curriculum requirements as ~~it~~ THE BOARD deems appropriate.

18 10. Prescribe qualifications for admission of all students to the
19 universities. The board shall establish policies for guaranteed admission
20 that ensure fair and equitable access to students in this state from
21 public, private and charter schools and homeschools. For the purpose of
22 determining the qualifications of honorably discharged veterans, veterans
23 are those persons who served in the armed forces for a minimum of two
24 years and who were previously enrolled at a university or community
25 college in this state. ~~No~~ Prior failing grades received by the veteran at
the university or community college in this state may NOT be considered.

26 11. Adopt any energy conservation standards adopted by the
27 department of administration for the construction of new buildings.

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

32 13. Adopt annually an operating budget for each university equal to
33 the sum of appropriated STATE general fund monies and the amount of
34 tuition and fees approved by the board and allocated to each university
35 operating budget.

36 14. In consultation with the state board of education and other
37 education groups, develop and implement a program to award honors
38 endorsements to be affixed to the high school diplomas of qualifying high
39 school pupils and to be included in the transcripts of pupils who are
40 awarded endorsements. The board shall develop application procedures and
41 testing criteria and adopt testing instruments and procedures to
42 administer the program. In order to receive an honors endorsement, a
43 pupil must demonstrate an extraordinary level of knowledge, skill and
44 competency as measured by the testing instruments adopted by the board in
45

1 mathematics, English, science and social studies. Additional subjects may
2 be added at the determination of the board. The program is voluntary for
3 pupils.

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

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

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

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

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

28 (i) The transfer of student records.

29 (ii) Awarding credit for completed coursework.

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

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

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

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

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

6 B. The board shall adopt personnel policies for all employees of
7 the board and the universities.

8 C. In conjunction with the auditor general, the board shall develop
9 a uniform accounting and reporting system, which shall be reviewed by the
10 joint legislative budget committee before final adoption by the board.
11 The board shall require each university to comply with the uniform
12 accounting and reporting system.

13 D. The board may employ legal assistance in procuring loans for the
14 institutions from the United States government. Fees or compensation paid
15 for such legal assistance shall not be a claim on the **STATE** general fund
16 **of this state** but shall be paid from funds of the institutions.

17 E. The board shall approve or disapprove any contract or agreement
18 entered into by the university of Arizona hospital with the Arizona
19 industrial development authority.

20 F. The board may adopt policies that authorize the institutions
21 under its jurisdiction to enter into employment contracts with nontenured
22 employees for periods of more than one year but not more than five years.
23 The policies shall prescribe **Limitations** **LIMITS** on the authority of the
24 institutions to enter into employment contracts for periods of more than
25 one year but not more than five years, including the requirement that the
26 board approve the contracts.

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

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

40 I. The Arizona board of regents, in collaboration with the
41 universities under its jurisdiction, shall adopt a performance funding
42 model. The performance funding model shall use performance metrics that
43 include the increase in degrees awarded, the increase in completed student
44 credit hours and the increase in externally generated research and public
45 service funding. The funding formula may give added weight to degrees

1 related to science, technology, engineering and mathematics and other
2 high-value degrees that are in short supply or that are essential to this
3 state's long-term economic development strategy.

4 J. The Arizona board of regents shall use the performance funding
5 model adopted pursuant to subsection I of this section in developing and
6 submitting budget requests for the universities under its jurisdiction.

7 K. On or before November 1 of each year, the Arizona board of
8 regents shall submit to the joint legislative budget committee and the
9 governor's office of strategic planning and budgeting a report on
10 university debt and obligations, including:

11 1. Long-term notes and obligations.
12 2. Certificates of participation and other obligations pursuant to
13 any lease-purchase agreements.

14 3. Revenue bonds.
15 4. Bonds issued pursuant to section 15-1682.03.
16 5. Commercial paper issued pursuant to section 15-1696.

17 L. The report issued pursuant to subsection K of this section shall
18 contain, for the most recent fiscal year:

19 1. The aggregate level of outstanding principal and the principal
20 and interest payments, by type of debt or obligation.

21 2. An itemization, by campus and project, of the amount of yearly
22 principal and interest to be paid in the most recent and the next five
23 fiscal years.

24 M. The board may enter into an intergovernmental agreement pursuant
25 to section 15-1747 to manage universities under its jurisdiction subject
26 to the terms of the reciprocity agreement.

27 N. For the purposes of this section, "university debt and
28 obligations" means debt and obligations, the principal and interest of
29 which are paid in whole or in part with university monies.

30 Sec. 2. Existing contracts; applicability

31 This act applies to all employment contracts entered into or renewed
32 after the effective date of this act.