

House Engrossed

higher education; 2026-2027

State of Arizona  
House of Representatives  
Fifty-seventh Legislature  
Second Regular Session  
2026

# **CHAPTER 133**

## **HOUSE BILL 4161**

AN ACT

AMENDING SECTIONS 15-1626 AND 15-1650.06, ARIZONA REVISED STATUTES;  
APPROPRIATING MONIES; RELATING TO HIGHER EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 15-1626, 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 the board's  
9 control. To that end, the board may adopt, and authorize each university  
10 to adopt, regulations, policies, rules or measures as are deemed necessary  
11 and may delegate in writing to the board's committees, to university  
12 presidents, or the presidents' designees, or to other entities under the  
13 board's control, any part of the board's authority ~~for the administration~~  
14 **TO ADMINISTER** and ~~governance of~~ **GOVERN** those institutions, including those  
15 powers enumerated in section 15-1625, subsection B, paragraphs 2 and 4,  
16 paragraphs 3, 4, 8, 9, 11, 12 and 22 of this subsection and subsection B  
17 of this section. **THE BOARD MAY RESCIND** any delegation of authority ~~may be~~  
18 ~~rescinded by the board~~ at any time in whole or in part.

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

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

28 4. Remove any officer or employee when the interests of education  
29 in this state so require in accordance with the board's personnel rules  
30 and policies.

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

1 state regulated licensures or certificates, credits earned in the pursuit  
2 of teaching certification, credits transferred from a private institution  
3 of higher education, credits transferred from an institution of higher  
4 education in another state, credits earned at another institution of  
5 higher education but that are not accepted as transfer credits at the  
6 university where the student is currently enrolled and credits earned by  
7 students who enroll at a university under the jurisdiction of the board  
8 more than twenty-four months after the end of that student's previous  
9 enrollment at a public institution of higher education in this state. On  
10 or before October 15 of each year, the board shall report to the joint  
11 legislative budget committee the number of in-state students and  
12 out-of-state students who were enrolled at universities under the  
13 jurisdiction of the board during the previous fiscal year and who met or  
14 exceeded the undergraduate credit hour threshold prescribed in this  
15 paragraph. The amount of tuition and fees included in the operating  
16 budget for the university adopted by the board as prescribed in paragraph  
17 13 of this subsection is subject to legislative appropriation and shall be  
18 deposited in a separate tuition and fees subaccount for each university.  
19 All other tuition and fee revenue shall be retained by each university for  
20 expenditure as approved by the board in a separate local tuition and fees  
21 subaccount for each university. This subaccount shall consist of only  
22 tuition and fees. The universities shall not use any tuition or fee  
23 revenue to fund or support an alumni association.

24 6. Adopt rules to govern the board's tuition and academic fee  
25 setting process that provide for the following:

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

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

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

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

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

40 7. Pursuant to section 35-115, submit a budget request for each  
41 institution under the board's jurisdiction that includes the estimated  
42 tuition and fee revenue available to support the programs of the  
43 institution as described in the budget request. The estimated available  
44 tuition and fee revenue shall be based on the tuition and registration fee

1 rates in effect at the time the budget request is submitted with  
2 adjustments for projected changes in enrollment as provided by the board.

3 8. Establish curricula and designate courses at the several  
4 institutions that in the board's judgment will best serve the interests of  
5 this state.

6 9. Award degrees and diplomas on the completion of the courses and  
7 curriculum requirements that the board deems appropriate.

8 10. Prescribe qualifications for admission of all students to the  
9 universities. The board shall establish policies for guaranteed admission  
10 that ensure fair and equitable access to students in this state from  
11 public, private and charter schools and homeschools. For the purpose of  
12 determining the qualifications of honorably discharged veterans, veterans  
13 are those persons who served in the armed forces for at least two years  
14 and who were previously enrolled at a university or community college in  
15 this state. Prior failing grades received by a veteran at the university  
16 or community college in this state may not be considered.

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

19 12. Employ for the time and purposes that the board requires  
20 attorneys whose compensation shall be fixed and paid by the board.  
21 Litigation to which the board is a party and for which self-insurance is  
22 not provided may be compromised or settled at the direction of the board.

23 13. Adopt annually an operating budget for each university equal to  
24 the sum of appropriated state general fund monies and the amount of  
25 tuition and fees approved by the board and allocated to each university  
26 operating budget.

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

39 15. Require the publisher of each literary and nonliterary textbook  
40 used in the universities of this state to furnish to the board computer  
41 software in a standardized format when software becomes available for  
42 nonliterary textbooks from which braille versions of the textbooks may be  
43 produced.

44 16. Require universities that provide a degree in education to  
45 require courses that are necessary to obtain a provisional structured

1 English immersion endorsement as prescribed by the state board of  
2 education.

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

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

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

18 (i) The transfer of student records.

19 (ii) Awarding credit for completed coursework.

20 (iii) ~~Permitting~~ ALLOWING a student to satisfy the graduation  
21 requirements prescribed in section 15-701.01 through the successful  
22 performance on comparable exit-level assessment instruments administered  
23 in another state.

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

26 19. Require a university to publicly post notices of all of the  
27 university's employment openings, including the title and description,  
28 instructions for applying and relevant contact information.

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

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

40 22. Enter into an agreement with one or more career technical  
41 education district governing boards pursuant to section 15-393, subsection  
42 K if the agreement, in the board's judgment, will serve the interests of  
43 this state.

44 B. The Arizona board of regents shall adopt personnel policies for  
45 all employees of the board and the universities.

1 C. In conjunction with the auditor general, the Arizona board of  
2 regents shall develop a uniform accounting and reporting system, which  
3 shall be reviewed by the joint legislative budget committee before final  
4 adoption by the board. The board shall require each university to comply  
5 with the uniform accounting and reporting system.

6 D. The Arizona board of regents may employ legal assistance in  
7 procuring loans for the institutions from the United States government.  
8 Fees or compensation paid for legal assistance pursuant to this subsection  
9 shall not be a claim on the state general fund but shall be paid from  
10 funds of the institutions.

11 E. The Arizona board of regents shall approve or disapprove any  
12 contract or agreement entered into by the university of Arizona hospital  
13 with the Arizona industrial development authority.

14 F. The Arizona board of regents may adopt policies that authorize  
15 the institutions under ~~its~~ THE BOARD'S jurisdiction to enter into  
16 employment contracts with nontenured employees for periods of more than  
17 one year but not more than five years. The policies must prescribe limits  
18 on the authority of the institutions to enter into employment contracts  
19 for periods of more than one year but not more than five years, including  
20 the requirement that the board approve the contracts.

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

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

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

43 J. The Arizona board of regents shall use the performance funding  
44 model adopted pursuant to subsection I of this section in developing and

1 submitting budget requests for the universities under the board's  
2 jurisdiction.

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

- 7 1. Long-term notes and obligations.  
8 2. Certificates of participation and other obligations pursuant to  
9 any lease-purchase agreements.  
10 3. Revenue bonds.  
11 4. Bonds issued pursuant to section 15-1682.03.  
12 5. Commercial paper issued pursuant to section 15-1696.

13 L. The report submitted pursuant to subsection K of this section  
14 must contain, for the most recent fiscal year:

- 15 1. The aggregate level of outstanding principal and the principal  
16 and interest payments, by type of debt or obligation.  
17 2. An itemization, by campus and project, of the amount of yearly  
18 principal and interest to be paid in the most recent and the next five  
19 fiscal years.

20 M. The Arizona board of regents may enter into an intergovernmental  
21 agreement pursuant to section 15-1747 to manage universities under the  
22 board's jurisdiction subject to the terms of the reciprocity agreement.

23 N. THE ARIZONA BOARD OF REGENTS MAY RETAIN MONIES FROM THE  
24 UNIVERSITIES UNDER THE BOARD'S JURISDICTION TO SUPPLEMENT THE BOARD'S  
25 OPERATING BUDGET. EXCEPT AS EXPRESSLY AUTHORIZED BY THE LEGISLATURE, THE  
26 TOTAL AMOUNT OF MONIES THAT THE BOARD RETAINS PURSUANT TO THIS SUBSECTION  
27 MAY NOT EXCEED \$5,000,000 IN ANY FISCAL YEAR. On or before November 1,  
28 ~~2025 and~~ each year ~~thereafter~~, the Arizona board of regents shall submit  
29 to the joint legislative budget committee each of the following for  
30 review:

31 1. The amount of monies that the board retained from each  
32 university under the board's jurisdiction to supplement the board's  
33 operating budget.

34 2. The board's expenditure plan for the current fiscal year for  
35 monies that the board retained from each university under the board's  
36 jurisdiction.

37 3. An accounting of how the board spent monies that the board  
38 retained from the universities under the board's jurisdiction in the  
39 immediately preceding fiscal year.

40 0. For the purposes of this section, "university debt and  
41 obligations" means debt and obligations, the principal and interest of  
42 which are paid in whole or in part with university monies.

1           Sec. 2. Section 15-1650.06, Arizona Revised Statutes, is amended to  
2 read:

3           15-1650.06. Arizona veterinary loan assistance program; fund;  
4                                   agreement; work requirement; annual report;  
5                                   rules; definitions

6           A. The Arizona veterinary loan assistance program is established  
7 within the Arizona board of regents.

8           B. The Arizona veterinary loan assistance fund is established  
9 consisting of legislative appropriations. The board shall administer the  
10 fund. Monies in the fund are continuously appropriated and are exempt  
11 from the provisions of section 35-190 relating to lapsing of  
12 appropriations. On notice from the ~~Arizona~~ board ~~of regents~~, the state  
13 treasurer shall invest and divest monies in the fund as provided by  
14 section 35-313, and monies earned from investment shall be credited to the  
15 fund. The board shall use monies in the fund for the purposes prescribed  
16 in this section and may retain up to three percent of the monies deposited  
17 in the fund for costs associated with administering the program.

18           C. A person who obtains a doctor of veterinary medicine degree from  
19 a veterinary college after January 1, 2023, WHO SATISFACTORILY PASSES THE  
20 LICENSING EXAMINATION REQUIRED PURSUANT TO TITLE 32, CHAPTER 21, ARTICLE 2  
21 and who signs an agreement pursuant to subsection D of this section may  
22 apply to the board to participate in the program.

23           D. To participate in the program, the board shall require an  
24 applicant to sign an agreement to both:

25           1. Remain and work as a full-time veterinarian in this state for  
26 the following four years.

27           2. Work in one of the following practice areas for at least two of  
28 the four years:

29           (a) An agricultural practice in an area designated by the United  
30 States department of agriculture as having a shortage.

31           (b) A nonprofit, county or municipal shelter.

32           E. ~~At the conclusion of the four-year commitment described in~~  
33 ~~subsection D of this section, the board shall determine whether the~~  
34 ~~veterinarian satisfied the terms of the agreement described in subsection~~  
35 ~~D of this section.~~ If the board determines that ~~the veterinarian~~  
36 ~~satisfied the terms of the agreement~~ A VETERINARIAN IS AN ELIGIBLE  
37 APPLICANT BASED ON THE CRITERIA PRESCRIBED BY SUBSECTION C OF THIS SECTION  
38 AND THE VETERINARIAN SIGNS AN AGREEMENT described in subsection D of this  
39 section, the board shall ~~distribute~~ AWARD to the veterinarian from the  
40 Arizona veterinary loan assistance fund an amount that is equal to the  
41 amount of the veterinarian's outstanding veterinary college educational  
42 loan balance or ~~\$100,000~~ \$200,000, whichever is less. AFTER EACH YEAR  
43 THAT THE VETERINARIAN WORKS IN THIS STATE PURSUANT TO THE AGREEMENT  
44 DESCRIBED IN SUBSECTION D OF THIS SECTION, THE BOARD SHALL DISTRIBUTE TO  
45 THE VETERINARIAN ONE-FOURTH OF THE TOTAL AMOUNT THAT THE BOARD HAS AWARDED

1 TO THE VETERINARIAN PURSUANT TO THIS SUBSECTION. The board shall  
2 distribute monies from the fund subject to the availability of monies and  
3 legislative appropriation and on a first-come, first-served basis. For  
4 the purposes of this subsection, "educational loan balance" means the  
5 balance of the principal, interest and related expenses of the educational  
6 loan.

7 F. On or before October 1 of each year, the board shall compile a  
8 report that details how the Arizona veterinary loan assistance fund monies  
9 are being spent and shall submit this report to the governor, the  
10 president of the senate and the speaker of the house of representatives.  
11 The board shall submit a copy of this report to the secretary of state.

12 G. The board may adopt rules for the purposes of carrying out this  
13 section.

14 H. For the purposes of this section:

15 1. "Board" means the Arizona board of regents.

16 2. "Veterinarian" has the same meaning prescribed in section  
17 32-2201.

18 3. "Veterinary college" has the same meaning prescribed in section  
19 32-2201.

20 Sec. 3. Financial aid trust fund; required state match;  
21 reduction

22 Notwithstanding section 15-1642, subsection C, Arizona Revised  
23 Statutes, for fiscal year 2026-2027, each dollar raised pursuant to the  
24 surcharge on student registration fees assessed pursuant to section  
25 15-1642, subsection A, Arizona Revised Statutes, may be matched by less  
26 than \$2 appropriated by the legislature.

27 Sec. 4. Community college districts; state aid for science,  
28 technology, engineering and mathematics and  
29 workforce programs

30 Notwithstanding section 15-1464, subsection A, paragraph 3, Arizona  
31 Revised Statutes, for fiscal year 2026-2027, state aid for science,  
32 technology, engineering and mathematics and workforce programs for  
33 community college districts is as specified in the general appropriations  
34 act.

35 Sec. 5. Community college districts; operating state aid;  
36 eligibility; limits

37 Notwithstanding section 15-1466, Arizona Revised Statutes, for  
38 fiscal year 2026-2027, operating state aid for community college districts  
39 is as specified in the general appropriations act.

APPROVED BY THE GOVERNOR JUNE 13, 2026.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 13, 2026.