

CORRECTED

Senate Engrossed

~~ABOR; foreign countries; restrictions; penalties~~
(now: ABOR; research security policy)

State of Arizona
Senate
Fifty-seventh Legislature
Second Regular Session
2026

SENATE BILL 1327

AN ACT

AMENDING SECTION 15-1626, ARIZONA REVISED STATUTES; RELATING TO UNIVERSITY RESEARCH.

(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. Any delegation of authority may be rescinded by the board
18 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.

1 23. REQUIRE EACH UNIVERSITY TO ESTABLISH, ADOPT AND POST ON THE
2 UNIVERSITY'S WEBSITE A RESEARCH SECURITY POLICY THAT DOES ALL OF THE
3 FOLLOWING:

4 (a) SAFEGUARDS THE UNIVERSITY'S RESEARCH.

5 (b) PROMOTES A SECURITY CULTURE.

6 (c) FURTHERS NATIONAL SECURITY INTERESTS.

7 (d) MITIGATES POTENTIAL THREATS TO THE UNIVERSITY'S RESEARCH FROM
8 ANY FOREIGN ADVERSARY NATION AS DEFINED IN SECTION 33-443.

9 (e) COMPLIES WITH ALL APPLICABLE LEGAL, REGULATORY AND CONTRACTUAL
10 STANDARDS AND REQUIREMENTS FOR SECURING AND PROTECTING THE UNIVERSITY'S
11 ACADEMIC RESEARCH ENTERPRISE, INCLUDING ANY RESEARCH THAT INVOLVES THE
12 UNIVERSITY, THE UNIVERSITY'S CAMPUSES OR THE UNIVERSITY'S INTERNAL
13 COMPONENTS.

14 (f) PROMOTES A CULTURE OF COMPLIANCE THAT IS CONSISTENT WITH
15 FEDERAL REGULATIONS TO ENSURE THAT THE UNIVERSITY MAINTAINS ELIGIBILITY
16 FOR FEDERAL FUNDING, INCLUDING FEDERAL RISK MITIGATION REQUIREMENTS
17 PERTAINING TO STANDARDIZED DISCLOSURES, CYBERSECURITY, FOREIGN TRAVEL
18 SECURITY, INSIDER THREATS AND EXPORT CONTROLS.

19 (g) ESTABLISHES PROCESSES TO REGULARLY UPDATE THE UNIVERSITY'S
20 RESEARCH SECURITY POLICY, INCLUDING PROCESSES TO ENSURE COMPLIANCE WITH
21 THE POLICY AND REPORTING WITHIN THE POLICY.

22 (h) ESTABLISHES PROCESSES TO IDENTIFY AND ADDRESS COMPLIANCE
23 CONCERNS AT THE UNIVERSITY THAT ARE CONSISTENT WITH THE UNIVERSITY'S
24 RESEARCH SECURITY POLICY, INCLUDING ANY TRAINING THAT THE UNIVERSITY WILL
25 PROVIDE.

26 24. ON OR BEFORE OCTOBER 1 OF EACH YEAR, SUBMIT A REPORT TO THE
27 GOVERNOR, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE OF
28 REPRESENTATIVES, AND SUBMIT A COPY OF THE REPORT TO THE SECRETARY OF
29 STATE, THAT INCLUDES ALL OF THE FOLLOWING:

30 (a) INFORMATION AND DETAILS ON EACH UNIVERSITY'S RESEARCH SECURITY
31 POLICY ADOPTED PURSUANT TO PARAGRAPH 23 OF THIS SUBSECTION AND RELATED
32 PRACTICES, PROTOCOLS AND STRATEGIES.

33 (b) INFORMATION THAT DEMONSTRATES HOW EACH UNIVERSITY IS COMPLYING
34 WITH APPLICABLE STATE AND FEDERAL LAWS TO PROMOTE A SAFE AND SECURE
35 RESEARCH ENVIRONMENT AND TO PROTECT NATIONAL SECURITY AND INTELLECTUAL
36 PROPERTY AND TO DEFEND AGAINST ANY FOREIGN ADVERSARY NATION AS DEFINED IN
37 SECTION 33-443.

38 (c) THE TOTAL NUMBER OF GRANTS, GIFTS OR DONATIONS THAT EACH
39 UNIVERSITY RECEIVED FROM A FOREIGN COUNTRY IN THE PRECEDING YEAR THAT
40 EXCEEDED \$250,000.

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

43 C. In conjunction with the auditor general, the Arizona board of
44 regents shall develop a uniform accounting and reporting system, which
45 shall be reviewed by the joint legislative budget committee before final

1 adoption by the board. The board shall require each university to comply
2 with the uniform accounting and reporting system.

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

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

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

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

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

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

40 J. The Arizona board of regents shall use the performance funding
41 model adopted pursuant to subsection I of this section in developing and
42 submitting budget requests for the universities under the board's
43 jurisdiction.

44 K. On or before November 1 of each year, the Arizona board of
45 regents shall submit to the joint legislative budget committee and the

1 governor's office of strategic planning and budgeting a report on
2 university debt and obligations, including:
3 1. Long-term notes and obligations.
4 2. Certificates of participation and other obligations pursuant to
5 any lease-purchase agreements.
6 3. Revenue bonds.
7 4. Bonds issued pursuant to section 15-1682.03.
8 5. Commercial paper issued pursuant to section 15-1696.
9 L. The report submitted pursuant to subsection K of this section
10 must contain, for the most recent fiscal year:
11 1. The aggregate level of outstanding principal and the principal
12 and interest payments, by type of debt or obligation.
13 2. An itemization, by campus and project, of the amount of yearly
14 principal and interest to be paid in the most recent and the next five
15 fiscal years.
16 M. The Arizona board of regents may enter into an intergovernmental
17 agreement pursuant to section 15-1747 to manage universities under the
18 board's jurisdiction subject to the terms of the reciprocity agreement.
19 N. On or before November 1, ~~2025~~ and each year ~~thereafter~~, the
20 Arizona board of regents shall submit to the joint legislative budget
21 committee each of the following for review:
22 1. The amount of monies that the board retained from each
23 university under the board's jurisdiction to supplement the board's
24 operating budget.
25 2. The board's expenditure plan for the current fiscal year for
26 monies that the board retained from each university under the board's
27 jurisdiction.
28 3. An accounting of how the board spent monies that the board
29 retained from the universities under the board's jurisdiction in the
30 immediately preceding fiscal year.
31 O. For the purposes of this section, "university debt and
32 obligations" means debt and obligations, the principal and interest of
33 which are paid in whole or in part with university monies.