

House Engrossed

ABOR; course approval; accounting system

State of Arizona
House of Representatives
Fifty-sixth Legislature
Second Regular Session
2024

HOUSE BILL 2735

AN ACT

AMENDING SECTIONS 15-1601 AND 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 15-1601, Arizona Revised Statutes, is amended to
3 read:

4 15-1601. State universities; location; faculty powers;
5 report; definition

6 A. The Arizona board of regents shall maintain state universities
7 at Flagstaff in Coconino county, at Tempe in Maricopa county and at Tucson
8 in Pima county, and the universities are respectively designated northern
9 Arizona university, Arizona state university and the university of
10 Arizona. The board shall maintain an Arizona state university campus in
11 western Maricopa county designated as Arizona state university west campus
12 and an Arizona state university campus in eastern Maricopa county
13 designated as Arizona state university east campus. The board may
14 establish and maintain other colleges and universities subject to
15 legislative authority. Subject to review by the joint committee on
16 capital review, the board may establish new campuses that are separate
17 from any location in existence on July 1, 2007. The Arizona state
18 university campus at Tempe shall provide administrative support for the
19 Arizona state university campuses in western Maricopa county and in
20 eastern Maricopa county.

21 B. The universities shall have colleges, schools and departments
22 and give courses of study and academic degrees as the board approves.
23 NOTWITHSTANDING SECTION 15-1626, SUBSECTION A, THE BOARD MAY DELEGATE THE
24 BOARD'S AUTHORITY TO APPROVE ACADEMIC DEGREES OR ORGANIZATIONAL UNITS ONLY
25 TO A UNIVERSITY PRESIDENT, AND A UNIVERSITY PRESIDENT MAY NOT DELEGATE THE
26 PRESIDENT'S AUTHORITY TO APPROVE ACADEMIC DEGREES OR ORGANIZATIONAL
27 UNITS. ~~Subject to the responsibilities and powers of~~ The ARIZONA board OF
28 REGENTS and the university presidents, ~~SHALL CONSULT WITH~~ the faculty
29 members of the universities, through their elected faculty
30 representatives, ~~shall share responsibility for~~ REGARDING academic and
31 educational activities and matters related to faculty personnel. The
32 faculty members of each university, through their elected faculty
33 representatives, shall ~~participate in~~ CONSULT WITH THE ARIZONA BOARD OF
34 REGENTS AND THEIR RESPECTIVE UNIVERSITY PRESIDENT REGARDING the governance
35 of their respective universities and ~~shall actively participate in~~ the
36 development of university policy.

37 C. On or before November 15 of each year, Arizona state university
38 shall report to the joint legislative budget committee, the governor's
39 office of strategic planning and budgeting, the speaker of the house of
40 representatives and the president of the senate for each of its separate
41 campuses all of the following:

42 1. The capital expenditure history made to each campus for each of
43 the two previous fiscal years.

44 2. The actual number of full-time equivalent students at each
45 campus of Arizona state university as of the twenty-first day after

1 classes begin for the fall semester and the total headcount enrollment at
2 each campus.

3 3. Any revenues or allocations made to each campus of Arizona state
4 university that are available to report.

5 4. Any long-term capital or expansion plans for each campus.

6 D. FOR THE PURPOSES OF THIS SECTION, "ORGANIZATIONAL UNIT" MEANS A
7 DEPARTMENT, CENTER, INSTITUTE, COLLEGE OR OTHER ACADEMIC UNIT OF A
8 UNIVERSITY.

9 Sec. 2. Section 15-1626, Arizona Revised Statutes, is amended to
10 read:

11 15-1626. General administrative powers and duties of board;
12 definition

13 A. The ARIZONA board OF REGENTS shall:

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

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

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

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

38 5. Fix tuitions and fees to be charged and differentiate the
39 tuitions and fees between institutions and between residents,
40 nonresidents, undergraduate students, graduate students, students from
41 foreign countries and students who have earned credit hours in excess of
42 the credit hour threshold. For the purposes of this paragraph, the
43 undergraduate credit hour threshold is one hundred forty-five hours for
44 students who attend a university under the jurisdiction of the board. The
45 undergraduate credit hour threshold shall be based on the actual full-time

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (i) The transfer of student records.

26 (ii) Awarding credit for completed coursework.

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

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

33 19. Require a university to publicly post notices of all of ~~its~~ **THE**
34 **UNIVERSITY'S** employment openings, including the title and description,
35 instructions for applying and relevant contact information.

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

42 21. On or before August 1 of each year, report to the joint
43 legislative budget committee the graduation rate by university campus
44 during the previous fiscal year. The board shall also report the

1 retention rate by university campus and by class, as determined by date of
2 entry during the previous fiscal year.

3 B. The board shall adopt personnel policies for all employees of
4 the board and the universities.

5 C. In conjunction with the auditor general, the board shall develop
6 a uniform accounting and reporting system, which shall be reviewed by the
7 joint legislative budget committee before final adoption by the board.
8 The board shall require each university to:

9 1. Comply with the uniform accounting and reporting system.

10 2. PROVIDE THE BOARD WITH ACCESS TO THE UNIVERSITY'S ACCOUNTING AND
11 REPORTING SYSTEM FOR OVERSIGHT AND MONITORING PURPOSES.

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

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

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

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

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

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

1 high-value degrees that are in short supply or that are essential to this
2 state's long-term economic development strategy.

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

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

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

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

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

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

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