MINUTES OF A MEETING

February 17 & 18, 2011
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ARIZONA BOARD OF REGENTS
ARIZONA STATE UNIVERSITY
STUDENT MEMORIAL UNION
Thursday and Friday, February 17 and 18, 2011

A meeting of the Arizona Board of Regents was held February 17 and 18, 2011, at the Student Union Memorial Center, University of Arizona in Tucson, Arizona.

Chair Mariucci called the meeting to order at 9:00 a.m.

Present: Regent Calderón
Regent DeConcini
Regent DuVal
Regent Ginther
Regent Holmes
Regent Killian
Regent Leonard
Regent Mariucci
Regent McLendon
Regent Myers
Superintendent Huppenthal

Absent: Governor Janice Brewer

Also present were President Michael Crow, Mr. José Cárdenas, Mr. Morgan Olsen, Ms. Lisa Loo, Mr. Rich Stanley, Ms. Lori Briese, Dr. Elizabeth Capaldi, Mr. James Rund and Dr. Christine Wilkinson, Arizona State University; President Robert Shelton, Dr. Jacqueline Mok, Ms. Carla Nunn, Dr. Meredith Hay, Dr. William Crist, Mr. Mike Proctor, and Ms. Glenn George, University of Arizona; President John Haeger, Mr. Mark Neumayr, Mr. David Bousquet, Dr. Laura Huenneke, Dr. Elizabeth Grobsmith, Mr. Jennus Burton, Mr. Fred Hurst, and Dr. M. J. McMahon, Northern Arizona University; President Tom Anderes, Board Counsel Nancy Tribbensee, Secretary to the Board Peggy Martin, Mr. Chad Sampson, Ms. Jan Oestreich, Ms. Christine Thompson, Dr. Mark Denke, Mr. Tom Merriam, Ms. Katie Paquet, Ms. Emily Palumbo, Dr. Mark Denke, Dr. Glen Nelson, Ms. Stephanie Jacobson, Mr. Dan Anderson, and Mr. Lorenzo Martinez, System Office; and Dr. Gary Grossman, Arizona Faculties Council.

All lists, reports, summaries, background materials and other documents referred to in the minutes can be found in the February 17 and 18, 2011, Documents Files.

Regent Mariucci called the meeting to order at 9:05 a.m.

Regent DeConcini led the Pledge of Allegiance.

Chair Mariucci welcomed everyone to the February meeting of the Arizona Board of Regents.
Chair Mariucci introduced Superintendent of Public Instruction, John Huppenthal and welcomed him to his first official meeting. Mr. Huppenthal is a former legislator. He was a State Senator from 1992-2000, a State Representative from 2000-2004 and again, a State Senator from 2004 through 2010. He served for 17 consecutive years on the State House and State Senate education committees.

On behalf of the Board and the university community, Regent Mariucci commended the University Medical Center in Tucson and the University of Arizona for their service to the community, their hard work, and their professionalism during the senseless tragedy in Tucson. We are proud to be associated with the University Medical Center and the University of Arizona who presented themselves as a beacon of light, not only for the State of Arizona, but for the entire nation.

CONSENT AGENDA

Chair Mariucci stated that the first order of business was the approval of the Consent Agenda. Item #8 has been removed from the Consent Agenda.

All items on the Agenda that are marked in these minutes with an asterisk (*) were consent matters and were unanimously adopted upon the motion of Regent McLendon, seconded by Regent Ginther.

*Minutes

The December 9-10, 2010 Regular Board Meeting Minutes and the September 23-24, 2010 Executive Session Meeting Minutes were approved.

*WestEd Program Information (Item #3)

The Board was provided with information regarding WestEd’s programmatic work and organization.

*Proposed Revisions to ABOR Policy 3-901A.2. “Conflict of Interest” (First Reading) (Item #4)

The Board was asked to review proposed revisions to ABOR Policy 3–901A.2., which aligns the Board’s Conflict of Interest Policy with state statutes.

*Approval of Providers for the ABOR Optional Retirement Plan (Item #5)

The Board approved the providers of the Optional Retirement Plan as selected through a competitive process.

*Authorization to Approve Various New and Continuation Awards (ASU) (Item #6)

The Board approved Arizona State University’s request for acceptance of new and continuation awards of grants and research contracts from various sponsors in the amount of
$21,987,523 with an anticipated total amount of $27,350,593 throughout the life of the projects.

*Authorization to Approve Various New and Continuation Awards (UA) (Item #7)

The Board approved the University of Arizona's request for acceptance of new and continuation awards of grants and research contracts from various sponsors in the amount of $10,575,325 with an anticipated total amount of $19,441,979 throughout the life of the projects.

*Authorization to Intervene and Participate in Litigation (UA) (Item #9)

The Board authorized the University of Arizona to intervene and participate in prospective litigation against the U.S. Forest Service and other federal agencies relating to the existence and operation of the Mount Graham International Observatory.

*Authorization to Proceed in Litigation (NAU) (Item #10)

The Board authorized Northern Arizona University to proceed, on behalf of the Arizona Board of Regents, as a party in litigation which will allow Drury Southwest Flagstaff, LLC., to pursue a tax appeal in the Superior Court, Arizona Tax Court, against Coconino County.

*Permission to Renew a Ten-Year Commercial Lease at Tumamoc Hill, Tucson, Arizona (UA) (Item #16)

The Board approved the University of Arizona's request to renew a ten-year commercial lease for 199.72 acres of state trust land at Tumamoc Hill for desert plant and wildlife ecology.

*Proposed Revision to ABOR Policy 5-308 “Student Code of Conduct” (First Reading) (Item #25)

The Board was asked to review a proposed revision to ABOR Policy 5-308 that would clarify the prohibition regarding sexual misconduct.

CALL TO THE AUDIENCE

Per Board Policy 1-114, time has been set aside for Call to the Audience, an opportunity for people to express their views or concerns to the entire Board in a public setting.

Robert Witwer - Vice President of Advanced Technology, Honeywell Aerospace - spoke to the importance of a research university and collaboration with the University of Arizona.

Norman McClelland - CEO Shamrock Farms - spoke about collaboration with the University of Arizona and how important the university is to the state and community.
J.C. Mutchler - on behalf of a unified group of faculty and students - spoke on the group's opposition to the firearms legislation and having weapons on campus. They asked the Board to take a strong stand against these bills.

Ben Lindsey - spoke about a book published by the University of Arizona that he believes mischaracterized him.

Nicholas Bishop - Sociology Graduate Student Association - spoke against the disestablishment of Sociology Graduate Program.

Daniel Hatch - President of Undergraduate Student Government at ASU West - spoke about funding allocation equitability and the Board should revisit the model. The quality of education needs to be ensured.

Elma Delic - Arizona Students' Association - spoke about the tuition setting policy (agenda item #2). Is concerned about the changes set forth in the new policy and the student perspective needs to be included as well as Arizona median family income.

Kelley Stewart - Graduate and Professional Student Association - spoke about disestablishment of programs and student input. Feels that more student input needs to be sought when changing policies.

Becca Nordstrom, Francisco Torres and other students - protested privatization, budget cuts and tuition.

Patty Lasker and Lora Lee Nye, Prescott Valley Town Council and Martika Flores and Jason Stadley, students at NAU/Yavapai - spoke about how well NAU/Yavapai is doing and how well it is appreciated.

ENTERPRISE INITIATIVES

Enterprise Initiatives and Discussion of Low-Cost Options (Item #1)

The Board received an update from President Anderes on progress on the enterprise initiatives followed by a discussion of low cost academic delivery options.

President Anderes reported that the Presidents presented the Board a plan for enterprise initiatives in September 2010. At this meeting, the Board reviewed three specific initiatives. One of the initiatives to be reviewed by the Board at this meeting is the admission policy at NAU/Yavapai. The universities will be looking at other similar relationships over the next few years.

The second initiative relates to tuition. Several changes to the tuition policy have been suggested. Feedback regarding the policy that is being presented in this meeting will be incorporated into the second reading and hopefully we will be closer to updating the tuition policy.
The third initiative is related to low productivity academic programs. There are criteria that exist right now to review these programs. The universities are taking a closer look at what is done to make certain that they are doing as much as possible in regards to having meaningful criteria for academic programs.

In April the Board will be dealing with tuition, the tuition policy, specific metrics that relate to numerous areas, including what will happen at the system level with bachelor degrees, research, etc. The discussion will include where the universities want to go and how they want to move to get there. The Board will also be looking at the status of the funding formula and options that relate to reducing administrative agreements that are limiting the efficiency of the universities.

At this meeting, the Board will discuss low cost options. The Governor recently identified in her policy paper an area of concern as to where the universities were going on their low cost options. Each university will be offering background on what they are doing on the low cost options, plans they have, and where they are headed. One of the things that should be recognized is that not all students make decisions based on cost. There are also students who want to have a full-time experience on campus. People are going to have to make choices; the system needs to expand the availability of choices.

The Board frequently talks about graduation rates and graduating in four years. Graduating in four years is not the norm; it is not reality. The system needs to provide a catalyst toward the four year goal.

The universities have to provide efficient, quality programming whether it is low cost tuition, offering more courses for more time, whether there are incentives involved, whether they are looking at limiting costs in other areas, it is still going to have to be the student that makes the choice. Students have different resources and different needs.

At the March budget work session the Board will be taking a very close look at the sticker price, the actual cost, financial aid. There is a great deal of information and the Board needs to fully understand all of the pieces and how they come together.

Michael Crow set a context for the presentation on low cost and high quality options. The three words that best capture ASU's goal is the merger of academic excellence and academic quality, with access at the highest possible level with impact - what the university actually does with the assets and resources that it has. These are three mutually exclusive objectives in most institutions. The only way for ASU to do this is to innovate at the fastest possible rate. To change the structure of the institution, the modal functionality of the institution, the way the university teaches, the way the university offers programs, to innovate at the highest possible rate and to do it so access can be increased at the same time.

Arizona State University is a low cost option. There are 34,926 resident students attending ASU, 17,000 pay no tuition. The average tuition cost is $2,231/year. This is a significant achievement. This outcome is superior to virtually any other state's public university system, and we are not satisfied with that. Provost Capaldi has been working intensively to reconceptualize everything; how long a semester is, how long to get to a degree, how to get
more students moving from the community colleges, how to achieve low cost, high quality options, with no reduction in quality. We are at the quality threshold.

Provost Betty Capaldi presented the Arizona State University low cost and high quality options. ASU will provide other low-cost options. One is offering a new calendar with an accelerated time to degree in various programs. The six-semester plan reduces the cost of a degree by 25%; the five-semester plan reduces the cost by 36%. ASU will reduce sticker prices at West and Polytechnic if the 2012 tuition increases are approved. The Colleges@ASU, Lake Havasu City will have an 18% lower sticker price when it is complete. The MAPP (Maricopa-ASU Pathways Program) and TAG (Transfer Admission Guarantee) programs with various community college and the joint admissions program with Maricopa Community Colleges reduces the cost of a degree for transfer students by making the transfer more efficient. Tuition could be as much as 35% less than full price tuition.

President Crow concluded that he would always advise the Regents not to compromise excellence to achieve access.

Regent Leonard stated that she felt it was really important that high school students receive their options. She would like to hear what kind of new ideas the universities have to help students and parents navigate the system while the student is still in high school.

Provost Capaldi stated that there is a computer program (IDEAL) which gives the university the ability to communicate with the high schools in the state, and helps the high school students understand what they need to take and when. President Crow added that ASU's high school outreach programs have been very effective getting information out to students including financial aid information.

Regent Myers asked if the cost at community college is driven more by efficiency or how they implement property taxes. Provost Capaldi stated that part of the reason cost is lower at a community college is because it costs much less to only offer lower division classes.

Superintendent Huppenthal stated that he believes that quality needs to be the key discussion. How do the universities evaluate quality? Provost Capaldi stated that learning outcomes are measured. The university constantly measures the comparison of learning outcomes. The university has a number of assessments that are given to students. Superintendent Huppenthal stated that if the learning outcomes are met, that means that quality is being maintained. What is found when you correlate student evaluations with the learning outcomes. Provost Capaldi stated that it depends on when you ask them. The best data comes about five years after graduation. President Crow stated that learning outcomes, matched with how the students feel, there is also the indicator of what the employers think.

Regent DeConcini asked what the percentage of the high cost degrees was. Provost Capaldi stated that the universities only recover costs on Humanities, Social Sciences and Business.

Regent McLendon asked what is the average amount of loans and how do the universities compare. President Crow stated that the average undergraduate from Arizona State University graduates with $19,000 of debt, which is below the national average of $23,500.
Regent McLendon stated that given what the Board and universities have coming from the legislature they are doing a great job of making education more affordable and more accessible. This is a beginning and the universities and Board are changing the way they do business and thinking outside of the box.

Regent Killian complimented the universities for all of their hard work in coming up with innovative ideas. He stated that as a system we need to look at the cost of buildings and it might be that it is time to stop building.

Regent Mariucci stated that one of the reasons this matter is on the agenda is that once the presentation are complete the Board needs to discuss what progress has been made and if the universities are organized in an optimal fashion to get the best, fastest and most efficient results. ASU had previously stated that by the Fall of 2011 they would have two Colleges@ASU open and enrolling students in multiple degree programs. Where are we today on this issue?

President Crow stated that the Colleges@ASU is about 12 months behind in development. Part of the issue is the condition that all of our partners will provide land and facilities at no or limited cost. The discussions with Lake of Havasu have progressed to the point where they are completing the fund raising efforts for the facility. The discussion in other communities are progressing but are limited by the facilities condition. Since the 2009 discussion the investment from the state, which was considered as part of the plan, has decreased. Regarding the plan of partnering with the Community Colleges ASU is on or ahead of target. Relative to the overall objective, low cost access to the university, the numbers show that ASU has enhanced the number of graduates, lowered the cost of attendance, improved the number of students from low-income families and have continued to graduate those students in higher percentages. The new calendar is a powerful transformative innovation that was not even considered two years ago.

Regent Mariucci stated that the university might want to look into partnering with the University of Phoenix to share space since most of the University of Phoenix's space is only used at night.

President Shelton stated that the university has looked at access, quality and discovery. These issues are still important as low cost options are expanded. Every qualified student in the state deserves an educational experience of the highest quality. As everyone knows there has been a decline in state support. The University of Arizona is working to determine how to leverage the advances of distributed education and the deep commitment of the community partners, how to create a distributed community of learners who are committed to a shared experience of the highest quality and relevance to a particular location, and how to connect the activities to true physical innovation hubs.

Michael Proctor then presented the University of Arizona's low cost options. The university has worked to fundamentally re-conceive the institution. The university has created very intensive learning experiences that involve students in laboratories and sought out partners in the community college system and communities. The university has taken a hard look at its curriculum. There are 121 undergraduate degrees available on the main campus. They
have 75-85 degrees available through an integrated process with the community colleges. There are 12-15 degrees available in local communities and 36-48 degrees that are available on-line. The other thing the university has done is look at the pipeline into the programs and develop pilot STEM academies around the state. Students who attend a STEM academy will come out of high school with the better part of an AGEC-s (Arizona General Education Curriculum - science) requirements completed and will be able to complete a degree program at another UA location.

The University of Arizona originally proposed partnerships with community colleges, starting with the community colleges that were near Tucson. The relationships will be expanded to every community college in the state. This proposal was on a 12-24 month timeline and the university is on track to complete most of the partnerships in the timelines specified. Enrollment growth has increased with the addition of evening and Saturday classes. One of the great things that Board has done is to encourage innovation and allow each university to put its strengths into what it is doing, bring its mission to the discussion, and get some of these novel programs off the ground that are aimed at student success.

Regent DuVal asked if we are also developing the tool for navigation by a student so they can find these alternative pathways. Michael Proctor stated that was a key part of what all three universities are doing. E-advising is an example of one of the tools. Also, the universities are using things like the web to announce changes.

Regent Myers asked if there were anything that needed to be done at a higher level. For example, could system deals be negotiated on agreements with the community colleges?

President Shelton stated that having one individual has proven to be very important and talking and listening to the communities is also very important.

President Haeger discussed the overall goal in Arizona. The majority of students are educated in research universities. The most expensive education is in a research university. The number of public universities in Wisconsin is 13 with a state population of 5.6m residents (approximately 1,000,000 people fewer than Arizona); the number of public universities in Maryland is 12 with 5.7m residents. Arizona has a population of 6.6m residents with 3 public universities. What is exciting about what Arizona is doing is that we are finding ways to create other types of arrangements and institutions that serve the broader population without increasing the number of public universities. The focus of new arrangements is really changing the mission.

Fred Hurst then presented Northern Arizona University's low cost options. Northern Arizona University has been serving students off-campus for more than three decades. They were the first state university to offer online degree programs, 3+1 programs, joint admissions with community colleges and accelerated bachelor's degrees. There are 34 community campuses statewide, 65 traditional classroom-based programs, and 61 online programs. 7500 students are being served off-campus. One of the primary strategies for the enterprise approach is joint admission. Seamless joint admission means that the student, from the first day they are on a community college campus, is also an NAU student. All NAU programs at all campuses are open to community college students. Over a ten-year period, the growth in off-campus
programs has gone from 61 on-site programs in 2001 with 3 on-line programs to 65 programs that are on-site programs and 61 on-line programs.

President Haeger stated that the NAU-Yavapai is a breakthrough in organizational structure. It will be the lowest tuition in Arizona, it is based on trying to get a student through in three years, and all non-instructional services have been outsourced. It has a limited number of degrees and there is limited choice for courses, which helps to reduce costs. This cannot be done without local communities investing in the enterprise. To put something like this together the community college mission has to be protected.

President Haeger then stated that the barriers to further progress are governance issues at the legislative level, at the community colleges, with the faculty, and with other campuses; state funding support for innovative models, curricular alignment and institutional identity and cultural differences can be barriers as well.

Regent Myers asked if the financial aid strategy is different at places other than the main campuses. Fred Hurst stated that there is no differentiation between campuses as to financial aid. They are all treated the same. President Haeger added that simply because of the time that the main campus has been in operation, the number of merit based scholarships is huge compared to what happens off campus.

Regent Calderón stated that in two generations of regents he believes the question before the Board will be how to spin NAU-Yuma into Yuma State University NAU-Yavapai into Yavapai State University and create the layer of universities that this state does not have now.

Regent Mariucci stated that the Board has encouraged and nurtured each institution to go after this in its own way. As a result of a decentralized approach we are here now. When you have limited resources if you fragment your efforts you don't get the optimal result. She stated that she believes there is a real opportunity here when it comes to tuition. The ability to accelerate the low cost options gives the ability to stratify pricing around a larger range.

Regent Mariucci would like the Board to give the Presidents some direction in regards to preparing for and refining information for the work session.

Regent Myers asked if the barriers to further progress as listed by President Haeger are what the issues should be, there may be opportunities centrally to knock down some of the barriers and make individual efforts more effective. President Haeger stated that if the overall goal is to create a different kind of state college system - that has been set in motion. The community colleges have huge physical plants all over the state and the universities bring North Central accreditation for baccalaureate programs. What everyone needs to get past is how to resolve the governance issues. The community colleges and the universities are funded in different ways and that also can be an issue.

President Crow stated that the progress that has been made in the last twelve months is fantastic. It means that the relationships with the community colleges and the number of students that will be moving to graduation are off the chart compared to what it has been before. The Presidents should come back to the March meeting with a list of what they need
to accelerate this process at even faster rates. President Haeger stated one problem is that Arizona does not have that many students who want to access higher education.

Regent DuVal stated that the tuition setting model needs to catch up to the delivery model. The Board has set up some contradictions that they need to work their way through. The universities are moving toward more low cost options on one track, differentiated missions on the second track, weeding out of unproductive and redundant programs on the third track at the same time the low cost options are moving in a decentralized fashion towards more redundancy and potentially more unproductive programs. The Board has talked about cost, access and location and the financial side of the picture has been addressed, but the Board needs to determine what the universities need to grow into as a distributed system and how to give assignments to accomplish that. Regent DuVal stated that he is not sure that all three universities need to be doing the exact same thing.

President Shelton stated that this is a very important discussion. From the University of Arizona's perspective, the University of Arizona needs to be true to its mission; research university, land grant university, public university; the University needs to be true to its strengths; the University of Arizona degree needs to stand for quality.

Regent DeConcini asked how you determine that you are not redundant. It seems to be a conflict that both the UA and NAU are in Yuma. President Shelton responded that NAU brings things that the UA does not offer and by the universities working together the overlap is avoided. President Haeger stated that one of the advantages of the way that the Arizona universities are structured is that there are three presidents and they are in communication with each other working issues out and the market also determines a great portion of the competitiveness.

Superintendent Huppenthal stated that heard three institutions packing a lot of education value into some new innovative approaches, I really don’t see anything about the focus being a low cost focus, but sees it as being a high value focus. Terminology needs to be considered as various options are moved forward. Superintendent Huppenthal also stated that he agreed with Regent Killian and it is quite possible that the Board and the universities will need to look at the cost and functionality of buildings.

Regent Mariucci asked the Presidents, after hearing all of this input, that they take all of this information into account and refine and refresh your thinking on where we go from here and to also bring recommendations on how to accelerate the process. Also, show the Board how many students you project at each alternative pathway and what you would propose as tuition for each of them. She further asked if the Presidents would respond to an out of the box alternative approach as follows: Go back and read Changing Directions - consider this Changing Directions 2.0. Consider what would happen if the UA was a traditional national leader in research, ASU was a contemporary research university, one university in many places including the state college system, and NAU was Arizona’s provider of distributed education and alternative pathways statewide... Come back to the Board and tell us what you like about this type of option and what you don’t like about it, what will work, what won’t work.
RECESS

The public meeting recessed at 12:00 p.m. and resumed at 1:45 p.m.

RESOURCES COMMITTEE

Proposed Revision to ABOR Policies 4-100 “Definitions Used in Setting Tuition and Fees,” 4-101 “Authority to Set Tuition and Fees,” 4-104 “Procedure for Setting and Distributing Tuition and Fees,” 4-105 “Procedure for Establishing Special Class Fees and Deposits” and Creation of Guidelines for Requesting Differential Tuition and Program Fee Changes or Modifications (First Reading) (Item #2)

Regent Calderón stated that the Board was being asked to review several proposed revisions to ABOR Policies 4-100, 4-101, 4-104, and 4-105, including clarifying the Board’s tuition and fee setting authority; adjustments to tuition setting for distributed, online, and accelerated programs; and revisions to the tuition setting procedures. The Board is also asked either to review a proposed revision to ABOR tuition policies that sets the ceiling for resident undergraduate tuition at an amount not to exceed the median of each university’s Board approved peers, or to consider extending a two-year exception to the ABOR policy that limits residential undergraduate tuition increases not to exceed the top of the bottom one-third of rates set by all other states for resident undergraduate base tuition and mandatory fees at the senior public universities. The Board is further asked to adopt a guideline encapsulating the protocol the universities must follow in requesting differential tuition and program fee changes or modifications.

Stephanie Jacobson, Glen Nelson, Gale Tebeau and Chad Sampson joined the meeting for this presentation.

Stephanie Jacobson introduced this item. She stated that this policy was revised for several reasons. The first is in response to the Enterprise Executive Commission realignment, and the decrease in legislative funding, to allow Regents to approve base tuition in amounts not to exceed the median of that charged by each University's Board approved peer institutions. The second is to create greater flexibility in tuition for several types of program delivery methods, such as online instruction, distributed programs and accelerated degree options. In April 2009, the Board recognized the substantial decrease in state funding and approved a time-limited exception to the top of the bottom one-third policy that allowed increases beyond the top of the bottom one-third. The changes in this policy permanently remove the “top of the bottom one-third” limit. This was also an opportunity to clean up the policy by adding some needed definitions and removing the criteria for program fees and differential tuition from the policy and relocate them into a set of guidelines.

Regent DuVal, chair of the Academic Affairs Committee, commented about the committee's discussion. He stated that the Academic Affairs Committee agreed on most changes, but couldn't reach consensus on several items. There was more consensus around the on-line strategy. As it relates to the question regarding the top of the bottom one-third there needs to be additional conversation. It appears that there is no consistent philosophy. We are moving toward market rate for on-line students, moving toward market rate with an unstated goal to
approximate Pell on the state college options, and then we cap, at some rate to be determined, the students that are paying the sticker price. We are moving toward a different model and we want to bring the tuition philosophy into sync with the changing dynamics of the delivery system.

Regent Calderón stated that sensed there was going to be a shifting of the safety net. The Regents have provided students with a safety net historically. He further stated that he understood that there are new pressures on the university system, less state support, and that the universities wanted more flexibility in setting tuition and fees. He wanted to make certain that the students were not being hurt by these changes.

Regent Calderón stated that the changes can be described as follows:

1. Proposed clarifications and updates to tuition setting procedures and policy language,
2. Proposed changes to how differential tuition is set for online programs and other similar programs; and
3. Proposed changes moving the tuition ceiling from the "top of the bottom one-third" to reflect the "median of the peers."

Regent Calderón asked who the universities peers are. President Shelton stated that he believed his peers to be where he competes for talent: Michigan State, UC Davis, etc. President Shelton stated that his peers are universities that are public, research universities where the University of Arizona competes for faculty and for grants. They would have similar profiles - a medical school, an Ag school. President Crow says that ASU's peers tend to be large, public, often urban universities: University of Minnesota, Ohio State University, University of Connecticut, University of Texas at Austin, etc. President Haeger stated that NAU looks at peers in a similar manner, but they look at universities which are located in smaller communities, regional universities, about the same size of NAU, such as Bowling Green University.

Regent DeConcini in determining your peers, are any of the peers in a State that has a constitutional mandate similar to Arizona and what is the status over the last few years regarding state support for the peer institutions?

President Shelton stated state support for the three institutions in Arizona has decreased at a much greater rate than any of the states that our peers come from. There are a variety of economic profiles for the peers.

President Crow stated that on a per student basis, he does not believe that any institution in the country has experienced the level of reduction that Arizona State University will experience on a per student basis. Regent DeConcini said what about the percentage. President Crow responded that all of the institutions in Arizona would be close to first, second or third. The State of California has the same constitutional restraints so they don't have any tuition, but they have lots of fees.

President Haeger stated that there are very few states that aren't having similar budget problems. There is one critical difference with most of our peers coming out of the Midwest; those institutions have large state financial aid systems in place.
Regent Mariucci stated that she never understood why the Board used the top of the bottom one-third to measure anything. To rein the universities in by policy is not a good idea. Tuition will not even be the real price and it is a price that only 1/3 of the students will be paying. When you compare against peers we do not have access to the data of what the real net price is in their circumstance. Are these institutions really our peers? If they have more resources than we do, endowments, research, state financial aid - they aren't our peers. The data that we use is so stale that it is irrelevant. It is just a sticker price of tuition that ignores the other costs of attendance. She stated that she would like to move away from having peer group comparison embedded in the tuition setting policy. She would like to use what it actually costs us to put on programs, the ability of different cohorts of students to pay, the market elasticity - what will the demand bear.

Regent Killian stated that he thought the peer group comparison sounded like an excuse to raise tuition. He stated that he does not care about what is done at other institutions; he cares about what we do at our institutions and how we are going to deliver a quality product at a quality price. Setting the price of the product the universities are producing by using an arbitrary list does not seem appropriate. Regent Killian stated that he was bothered because Arizona is at a distinct disadvantage because the federal government owns so much of the state, which creates use disparities in our ability to raise revenue for the public institutions. Do our peer institutions get property taxes; do they get local funds, what is their share of federal monies that come into the state? It is possible you could make a case that the federal government should give some consideration to public institutions in the states that have these kinds of limitations.

Regent Ginther asked if the Regents thought about basing tuition off the peer institutions at the time they picked the peers. What was the philosophy behind choosing the peers that were chosen? Regent Calderón stated that there was no specific basis for the peer institutions, they were just a convenience. Regent DeConcini stated that he does not believe we should be using peer institutions to set tuition at all.

President Crow stated that the analysis of peers is a function of the mission, purpose, size and scope of the institution. It would be an institution that you compete against for faculty, talent, grants and students. The peers were not selected for economic reasons. President Haeger added that peers are selected by which institutions you resemble in terms of programs, faculty, research mission, etc. President Shelton stated that these were not just picked at random, or based on tuition, but based on the similarity of mission.

Regent Leonard asked if the use of peers was a common practice. Tom Anderes stated that it was and when selecting peers you focus most on size, scope and mission, tuition might or might not be a part of the criteria.

Regent DuVal asked if any of the peers aspire to have 50% of their students in a low-cost option by 2015, do any of them pay for tuition without any meaningful state financial aid, do any of them have an average growth rate of 5%; those are very significant drivers in our model, yet we compare ourselves to peers that are not comparable. He stated that he believes we should deal with tuition on the merits and get away from the arbitrary straitjacket of peers.
Regent Myers stated that he believes that we are on the right track and that we need to go a new direction. We need to get away from the concept of tuition setting. We need to put a tuition and financial aid structure in place that deals with the quality, sustainability and competitiveness of the institutions and the second part deals with access to the broadest set of students who are qualified to attend.

Regent Huppenthal stated that if you are going to do benchmarking you should have value measures and you should compete to be the high value institutions.

Regent McLendon stated that the policy that we have is very restrictive and does not allow the Board to change with the times.

Regent Calderón stated that it appears that no one seems to like the peer comparison for tuition. The Board needs to figure out what measurement they are going to use if they don't use this.

Regent Calderón stated that the next conversation needs to be about the proposed change to how differential tuition is set for online programs and other similar programs. This would allow the universities to go lower than base tuition set by the Board without Board approval. It establishes that the Board may set tuition for on-line and alternative delivery programs on a per credit hour basis and that the Board may set tuition higher than residential base tuition. It further codifies predictable tuition programs as an option in Board policy.

Stephanie Jacobson stated that the current policy does not address predictable tuition programs and this needed to be included to define this tuition as a type of tuition and there are thresholds that can be set by the Board.

Regent Holmes asked when we allow the universities to lower tuition without Board approval could they also raise it if it was still below the benchmark. Chad Sampson responded that the Board could do that. But tuition could not be raised above the benchmark. Regent Holmes suggested that the language be changed so that tuition could not be raised at any time without Board approval. Regent Calderón stated that since no one disagreed with Regent Holmes observation, the Board should look into changing this language.

Regent Killian asked why we wouldn't design the maximum flexibility into the policy. Why don't we just have language that says the Board can set tuition and fees? Regent Calderón stated that by setting policy we are telling the consumers that there is some form of predictability. It is also a way to provide guidance to the Board. Regent Killian asked if there is some way to make this simpler, less complex, with maximum flexibility and that takes into concerns of parents, students and the Board. Regent Calderón stated that this is an opportunity to come up with something different.

Dr. Grossman stated that the Arizona Faculties Council has talked about this matter. In principle the AFC supports the ideas of differential tuition, but are concerned that the purpose of access is to create opportunity. An eye needs to be kept as to plenty of opportunities in process, to change modalities because we need to remember who we are and who this is for.
Regent Ginther stated that the Board has not seen an evaluation of the pilot programs that ran last year. How does this policy provision deal with the increase at the undergraduate level? Stephanie Jacobson responded that theoretically if you are a major in a specific program, and it had a fee, you would be required to pay the fee.

President Crow stated that the Board approved one differential tuition request last year in the Ira A. Fulton School of Engineering. ASU has submitted a report to the Board which stated that the change for the freshman class shows that there has been an increase in students in the freshman class, underrepresented minorities were increased, and Pell eligible students attending the class were increased. With the differential tuition being applied in this one unit, across all four years, we have increased access, attendance and success.

Regent Calderón then asked for any discussion regarding the proposed clarifications and updates to the tuition setting procedures and policy language which places the criteria for university requests for differential tuition and program fees in a set of guidelines, rather than leaving them in Board policy and adding student consultation both in the Board's consideration of and the universities' process for developing tuition proposals.

Chad Sampson stated that the requirement on the universities has not changed just because the requirements have been moved from the policy to the guidelines. The reason it was moved was to make the policy more readable and the issues were better reserved for guidelines than policy.

Stephanie Jacobson stated that the practical effect of the changes in this policy is to make it clearer.

Regent DeConcini stated that student consultation should be in policy rather than guidelines.

Regent Myers stated that there are many ways to use student consultation and there is no specificity in the approach but it seems that there are some things that should be consistent so he believed that there should be some best practices, some basic things that need to happen regarding student consultation. Regent Ginther stated the students have a proposal on student consultation so she will work with board staff to craft the appropriate language.

Regent Ginther moved, Regent McLendon seconded, that the Board extend until June 30, 2012, the exception to allow tuition increases above the top of the bottom one third, and that all revisions to differential tuition, online tuition and fees, off cycle program tuition, distributed program tuition, accelerated program tuition and predictable tuition programs be placed on the April Board meeting agenda and all other proposed revisions to the tuition policy be scheduled for review as a first reading at the April Board meeting.

Regent DuVal moved to amend the motion, seconded by Regent DeConcini, to bring the whole thing back in April for second reading.

Regent DuVal asked if we have to act today on the extension and the response was no. We could act in April.
Regent Killian recommended that both motions be withdrawn as there is still time to deal with this matter in April.

Regent DuVal withdrew his motion with the agreement of Regent DeConcini and Regent Ginther withdrew her motion with the agreement of Regent McLendon.

**Disclosure of Substantial Interest of University Employees in Tucson Trace Detection, LLC, and MicroBioSystems of Utah, LLC (UA) (Item #8)**

Regent Calderón stated that the University of Arizona is requesting Board approval for the University employees listed below to hold a substantial equity interest in the following entities while employed at the University of Arizona:

1. Tucson Trace Detection, LLC: Professor M. Bonner Denton, Chemistry & Biochemistry; Dr. Roger Sperline, Assistant Staff Scientist, Chemistry & Biochemistry; Mr. Wit Wisniewski, Electrical Engineer, Chemistry & Biochemistry; and Ms. Sue Ann Roberts, Staff Scientist, Chemistry & Biochemistry.

2. MicroBioSystems of Utah, LLC: Professor Linda S. Powers, Thomas R. Brown, Chair of Bioengineering and Professor of Electrical and Computer Engineering; and Dr. Walter R. Ellis, Jr., Research Professor of Biomedical Engineering.

This item was removed from the Consent agenda by Regent Mariucci.

Regent Mariucci stated that this was an opportunity in the interest of advancing Tech Transfer opportunities to have another set of eyes with an understanding and background of what we are able to accomplish in the research mission and to insure that the universities residual interests have been fairly established and are being protected. Regent Mariucci stated that she would like to formally designate Regent Myers as the person to review all of these items for his term on the Board and she asked that the universities provide a paragraph in the executive summary regarding the nature of the interest for the university and what the nature of that interest is and further assure the Board that any agreement has been competitively negotiated. Regent Myers stated that he felt the Research Task Force should review this and come back with a proposed process as to how this should be accomplished. There are some nuances involved. Every one of these is different, there are different goals. Sometimes it is to ensure we are creating jobs or helping to spread the intellectual property out from the universities and in some cases it is because it is believed that there might be money earned and the university could have some revenue opportunity. There is quite a variety of opportunities so it will be difficult to have a set guideline as to what a deal should look like, but there should be a best of breed process for how to determine if it is the best possible deal.

President Shelton stated the need to bring these is driven by Regental policy. The interesting thing about these two is, in the one case, this is dealing with a company whose intellectual property is not owned by the University of Arizona. It was developed by one of our faculty members while she was in the State of Utah, so it is owned elsewhere, but it is possible that there will be subcontracts and therefore developing more research. The other is intellectual property that the university owns and at this time, no one is sure what will occur. It may result in no income, or it might bring in a few million dollars.
Upon motion by Regent Killian, seconded by Regent Mariucci, the Board unanimously approved the University of Arizona's request to permit employees to have a substantial ownership interest as set forth in the executive summary.

CAPITAL AND PROJECT FINANCE COMMITTEE

Report from the Capital and Project Finance Committee (Item #11)

The Board received a report from Regent McLendon on the January 26, 2011 Capital and Project Finance Committee meeting.

Regent McLendon reported that a presentation and discussion on project costs occurred at the Capital and Project Finance Committee meeting. The Committee received some insightful information from industry representatives relative to university construction. The presentation provided some good information but primarily focused on the construction of research facilities. This lead to a discussion on developing similar information to better understand costs associated with general classroom facilities that don't necessarily require the sophisticated infrastructure of a research facility. Staff is continuing to develop this information and it is anticipated that it will be presented at the March Capital and Project Finance Committee meeting.

Science Laboratory Code Repair Combined Project Implementation Approval and Project Approval (NAU) (Item #12)

Regent McLendon stated that Northern Arizona University was requesting combined Project Implementation Approval and Project Approval in order to expedite code repairs in the Science Laboratory (Building 17) using a two-phase approach. Phase 1 will attempt to achieve full code compliance at an estimated cost of $9 million. Phase 2, if necessary, will continue code repair, including HVAC work and replacement/modular laboratories needed while construction is ongoing. At this time, this project will be funded with general university funds.

Jennus Burton and Lorenzo Martinez joined the meeting for this presentation.

Jennus Burton stated that the University is asking for approval to allow them to go ahead and complete code repair requirements for the Science Laboratory Building. After the code repairs are done if problems continue the university will return to the Capital Committee for further discussion on how to use the building in the future.

Upon motion by Regent McLendon, seconded by Regent Killian, the Board unanimously approved Northern Arizona University's request for combined Project Implementation Approval and Project Approval for code repairs to the Science Laboratory Building as presented in the executive summary.

Issuance of Certificates of Participation to Refund the Downtown Campus Mercado Certificates of Participation (ASU) (Item #13)
Regent McLendon stated that Arizona State University was requesting authorization to: (1) sell one or more series of Refunding Certificates of Participation (Refunding COPs) not to exceed $8.6 million to refinance all or a portion of the Series 1999A Tax-Exempt and 1999B Taxable Certificates of Participation (1999 COPs), (2) pay the costs of issuance of the Refunding COPs not to exceed $500,000, (3) obtain municipal bond insurance for the issue provided that the economic benefits of doing so outweigh the costs, and (4) take all related actions, enter into necessary agreements and execute necessary documents including those related to municipal bond insurance or other credit enhancement agreements.

Morgan Olsen and Lorenzo Martinez joined the meeting for this presentation.

Morgan Olsen stated that the university would issue refunding certificates to refinance the Mercado complex which is part of the downtown Phoenix campus. This would result in a savings of approximately $1 million in net present value savings based on this refinancing.

Upon motion by Regent McLendon, seconded by Regent DeConcini, the Board unanimously approved Arizona State University’s request to refund the Downtown Campus Mercado certificates of participation, as presented in the Executive Summary, including the Committee provision that ASU seek reapproval if it does not execute the refunding within six months.

Ground Lease with American Campus Communities for Development of New Student Housing and Dining on the Tempe and West Campuses (ASU) (Item #14)

Regent McLendon stated that Arizona State University was requesting approval to execute three ground leases with American Campus Communities for the development of third-party student housing on the Tempe and West Campuses, as well as development of a $9.5 million stand-alone dining facility adjacent to the West Campus housing that will be primarily financed by ASU. The request includes Project Implementation and Project Approvals for the dining facility so this component can be incorporated into the third-party West Campus housing project.

Morgan Olsen and Lorenzo Martinez joined the meeting for this presentation.

Morgan Olsen reported that this item authorizes ASU to execute a ground lease with American Campus Communities for the development of student houses. A residence hall on the Tempe campus would be renovated, build new townhomes as a part of Vista Del Sol and develop a dining facility and private residence hall on the ASUWest campus.

Upon motion by Regent McLendon, seconded by Regent Killian, the Board unanimously approved Arizona State University’s request to execute three ground leases with American Campus Communities for the development of student housing on the Tempe and West Campuses, including combined Project Implementation Approval and Project Approval for the dining facility project on the West Campus, as presented in the Executive Summary with the Committee provision that Arizona State University update the Committee on the dining facility design and costs.

Ground Lease with Inland American Communities for Development of Student Housing and Dining at the Polytechnic Campus (ASU) (Item #15)
Regent McLendon stated that Arizona State University was requesting approval to execute a ground lease with Inland American Communities for the development of third-party student housing on the Polytechnic Campus, as well as an adjacent $10.2 million dining facility that will be primarily financed by ASU. The request includes Project Implementation and Project Approval for the dining facility so this component can be incorporated into the third-party housing project.

Morgan Olsen and Lorenzo Martinez joined the meeting for this presentation.

Morgan Olsen stated that this project is very similar to the previous transaction and allows Arizona State University to build 318 houses for freshman; the first housing on this campus designed specifically for freshman and also develop a dining hall that would service the students leaving in the facility.

Upon motion by Regent McLendon, seconded by Regent Killian, the Board unanimously approved Arizona State University's request to execute a ground lease with Inland American Communities for development of student housing on the Polytechnic Campus, including combined Project Implementation Approval and Project Approval for the dining facility project, as presented in the Executive Summary, and with the Committee provision that Arizona State University provide updates to the Committee on the dining facility design and costs.

The Public Outreach and Legislative Affairs Committee items were moved to Friday morning.

ARIZONA STATE UNIVERSITY STRATEGIC BUSINESS PLAN

Arizona State University Strategic Business Plan (ASU) (Item #18)

Arizona State University presented a report on its strategic business planning. This plan describes the university’s strategic plan goals as laid out in the ABOR 2020 Vision plan and the ways in which these overarching goals are tied to the university’s internal strategic plans; the resources needed to accomplish the goals; the business plans that are required to generate these resources; and the metrics which will be used to measure progress toward the goals and the business elements that must be in place. This report also highlights the university’s achievements in connection with Enterprise metrics.

Rich Stanley joined the meeting for this presentation.

President Crow stated that the key elements of Arizona State University's business plan framework are ASU's commitment to substantial increases in degree production and research activity, continued commitment to access, future state investment increases tied to university performance targets and state economic advancement, new pedagogical practices and curriculum reforms to reduce per-student costs of teaching and improve learning outcomes, expanded partnerships with community colleges in Arizona and neighboring states to expand lower cost of degrees, new platforms and alternative platforms to undergraduate degrees and variability in tuition rates.
Arizona State University’s key elements driving the funding strategy forward are state funding declines, no expectations of new state funding for next five years, continued substantial improvement in retention and graduation rates, greater ability to set tuition rates within an approved long-term planning strategy, substantial increases in enrollment of out-of-state and international students, rapid growth in ASU Online, greater latitude with regard to various state programs, and relief from state policies and practices to create more business-like practices.

The outcomes of this would be continued commitment to access and opportunity for personal advancement for all Arizonans, research university with national and local impact, enterprise-based entity that benefits Arizona but which is not excessively dependent upon state resources, financial stability derived from broad set of funding sources, strong financial capacity to support capital needs, multiple pathways provided to undergraduate degrees, and diversity in tuition rates, campus style, and geographic location.

Achieving Vision 2020 goals requires a combination of modest new investments, substantial changes in the delivery of the curriculum to enhance outcomes and moderate cost growth, and success in building the pipeline of new students. Between FY2012 and FY2020, the modeling framework calls for 980 new faculty, 360 new academic and support staff, $850 million for new, renovated, or repaired facilities, an overall increase of 20% in E&G expenditures per student (from $16,500 to $19,700), and on an inflation-adjusted basis the E&G expenditures per student rise by less than 5% and remain below FY08 levels. Cost controls and outcome improvements through new pedagogical approaches are critical. These changes are already underway.

President Crow stated that Arizona State University believes that it can attain the silver goal, and make progress toward the gold goal, but the gold goal is fairly unrealistic without new state investment and substantial pipeline changes. He stated that Arizona State University should reach the silver goals of an 88% retention rate for first time freshmen, 70% graduation rate for first time freshman cohorts, a 50% increase in degree production from FY08 levels and $700M annual research expenditures would be met.

Superintendent Huppenthal stated that he is very interested in being able to track the persistence in graduation rates by school district and being able to adjust them for demographics. The Department of Education would like to know which districts are under performing and if there is anything that can be done at the high school level to assist. President Crow stated that he would get Superintendent Huppenthal that information.

Regent Myers asked when you are looking at this new model for delivery and persistence are students that are getting an ASU degree at a community college counted in these numbers. President Crow responded that right now the community college students are not counted because this number is the first time, full time freshman at the university, but there are other numbers such as the persistence rate of transfer students that would include these students.

President Crow stated that Arizona State University has worked very hard this last year to take the idea that was put on the table one year ago and turn it into a functioning model that Arizona State University is prepared to execute.
Regent Killian asked at what point will on-line classes become the norm rather than the exception. Rich Stanley responded never. President Crow stated that the university was going to use every technological asset that will deliver a quality educational learning outcome. Provost Capaldi stated that there are many classes and labs that are not suited for on-line delivery plus different people learn differently and the social activities and personal interaction skills are also very important.

Regent Myers asked if persistence was higher for out of state students. President Crow stated that it was not, but the university was working on that issue.

Regent DuVal asked if the big foundational pieces of funding happened, could ASU move to a predictable tuition model. President Crow stated that Arizona State University could do that if they had a guaranteed funding level.

Regent Mariucci asked about the persistence and performance of need-based financial aid recipients as compared to other student cohorts. Provost Capaldi stated that the best predictor of retention is neither need-base nor merit-base but rather test scores, such as the SAT. Preparation is the key.

RECESS

The meeting recessed at 4:05 p.m. and reconvened at 9:50 a.m. on Friday, February 18, 2011.

PUBLIC OUTREACH AND LEGISLATIVE AFFAIRS COMMITTEE

Report on Public Outreach and Legislative Activities (Item #17)

Regent McLendon reported on public outreach and legislative activities including budget issues. The Board will be asked to review and may wish to provide additional guidance on the positions on legislation as recommended by the Public Outreach and Legislative Affairs Committee at its January 26, 2011 meeting.

Christine Thompson and Katie Paquet joined the meeting for this presentation.

Regent McLendon stated that the Committee received an update on the System’s public outreach activities including a report on Enterprise presentations made to key business groups, an update on placement of an opinion editorial on research by Regent Myers, and an assessment of media coverage regarding Board issues. The Governor’s Executive Budget recommendation was also discussed.

Christine Thompson provided an update on pending legislation. Christine provided an overview of a couple of important bills. HB2570 is a favorable bill which combines the separate ASU budget units (Tempe, East and West) into a single budget unit. SB1386 is another favorable bill which provides for a student recipient of a WICHE loan who does not fulfill the obligation to provide services within the state must repay the entire grant amount.
plus interest. As to bills that are detrimental to the system, there are several bills that have to do with limiting the authority of the universities and community colleges to limit guns on campus. There are also multiple bills regarding community college baccalaureate degrees which are also deemed detrimental. The Committee also believes the bills that reduce the state appropriation limit are also detrimental.

Regent McLendon then stated that unless any member would like to offer a recommendation to the contrary, the Government Affairs Officials are directed to continue to advocate, on behalf of the Board, in accordance with the positions presented.

Regent Ginther stated that in regards to the guns bills each of the student governments have taken a strong stance against these bills regarding weapons and guns on campus and offered her support to the various student groups and thanked them for standing up for students and their protection on campuses.

Superintendent Huppenthal asked if there were other universities that allowed concealed weapons on campus and if there is any data regarding safety issues encountered. He further stated that the report on safety on campus only dealt directly on the campus and not close to, but off campus. Christine Thompson stated that all of the police of chiefs on each university and communities college campus as well as many of the surrounding cities are against this legislation. She further stated that she would provide the other information requested.

Dr. Grossman stated that the universities’ faculty senates are opposed to the weapons bills as well. There has been a galvanizing of the faculties on this matter. It is unanimous that the faculty is not in favor of these bills.

Regent Mariucci suggested that the staff utilize the aggregate resources of all of the universities lobbyists to demonstrate a significant show of united force in opposition to these bills.

Regent Killian asked if students were prohibited from carrying weapons in their vehicles. President Crow responded no.

**ACADEMIC AFFAIRS COMMITTEE**

**Report from the Academic Affairs Committee** (Item #19)

Regent DuVal reported on the February 7, 2011 Academic Affairs Committee meeting.

Regent DuVal reported that the Committee looked at the 7-Year Program Reviews and the Academic Strategic Plan was discussed. They both relate to quality and productivity, a key concern of the new Enterprise Model. Academic programs are reviewed on a 7-year cycle. This year’s report generated a very good conversation.

The review was primarily focused on quality improvement and includes analysis, feedback and recommendations from external experts in the specific field or discipline under review. The Provosts report that this process gives them an important assessment of how the
programs compare to peers, including such areas as staffing, resources, research and with some professional programs, employer satisfaction. The external reviewers also provide a gauge to the Provosts and the departments on how to position programs for the future based on emerging trends. The institutions are also required to analyze productivity during these reviews using a board approved methodology. The Provosts reported that programs are sometimes eliminated as a result of the 7-year reviews, but program elimination also occurs at other times. The universities have a challenge trying to maintain quality and meet productivity standards.

The Committee also reviewed and approved the 2011-2012 Academic Strategic Plans for Arizona State University and the University of Arizona. These plans lay out the new programs and units to be planned and implemented in the next year as well as those that will be eliminated. Northern Arizona University will be presenting their plan at the next meeting. Compared to previous years, the requests for new programs were modest: ASU proposed the creation of 13 new programs and the elimination of 29; the UA proposed the creation of 3 new programs, the elimination of 1 and the merger of another.

The Commission also reviewed the annual Financial Aid Report.

**Methodology for Identifying Low Productivity Programs at ASU, NAU, and UA** (Item #20)

Regent DuVal stated that the Board was being asked to approve a revised methodology for determining low productivity programs at the universities.

Stephanie Jacobson, Provost Meredith Hay, Provost Elizabeth Grobsmith and Provost Betty Capaldi joined the meeting for this presentation.

Provost Hay stated this new methodology was devised to eliminate low productivity programs and evaluate the criteria for looking at the programs as requested by the Council of Presidents. The first step was to look at ABOR policies to determine if any changes, additions or deletions were needed. The 7-Year Program Reviews are utilized to assess the academic quality of the programs. In addition to the academic quality of the programs, productivity is assessed. The universities have thresholds for degree programs. Over a three-year period an undergraduate degree program must graduate 24 individuals, a master’s degree program 9 individuals and a doctoral degree program must graduate 6 individuals. These numbers were also evaluated for consistency with national standards of peer universities. There are programs that do not graduate the required number of individuals, but would be allowed to continue because of specific criteria they meet such as workforce needs, special programs for the State of Arizona that are not offered anywhere else, or are they revenue generators. The exceptions are very rare.

Provost Grobsmith stated that the Provosts take this process very seriously. This methodology has given the universities the means to ask faculty to scrutinize what is being done, whether the programs have changed, etc. Provost Capaldi stated that usually when a program has low graduation numbers it is because the program is either being phased in or out and that needs to be taken into consideration.
Regent DuVal asked how the programs are looked at systemwide. Provost Capaldi stated that they review programs for duplicate programs. Stephanie Jacobson responded that through the Enterprise model low performing program report is schedule to come to the Enterprise Executive Committee in April and then to the Board in June.

Regent Mariucci stated that there is a gap of information that helps answer whether the judgmental criteria is being applied in the same way. Would the Regents apply the criteria in the same way as the Provosts? Regent Mariucci further stated that she would like to see more information about how a decision is made about the continuance of programs that don't meet the specific criteria. Regent DeConcini stated that he would like to see what the programs were that didn't meet the criteria.

Regent DeConcini asked how the reduction in programs relates to necessary professors. Provost Grobsmith stated that it allows the university to redeploy faculty, and use them more efficiently.

The provosts explained that they have not released tenured faculty, but there has been natural attrition. When a tenured faculty member leaves they have attempted to find a way to not replace or replace them with a lower paid faculty member. That is not always possible. The number of students has increased, but the number of faculty have overall been reduced. The number of faculty that are being hired is being reduced. The faculty has picked up more instruction and workload.

Regent Leonard stated that she would be interested in having a better explanation of the process that is used when a program is terminated.

Upon motion by Regent DuVal, seconded by Regent Leonard, the Board unanimously approved the revised methodology for identifying low productive programs at Arizona State University, Northern Arizona University, and the University of Arizona as presented in the Executive Summary.

**Proposed Revision to ABOR Policy 2-103 “Enrollment” (First Reading) or Approval of Extension to Exception of ABOR Policy 2-103 “Enrollment”** (Item #22)

Regent DuVal stated that the Board was being asked to either review a proposed revision to ABOR Policy 2-103(A) to increase the limit on full-time non-resident undergraduate enrollment from 30 percent to 40 percent. This proposed revision would make permanent a two-year policy exception granted in 2009 or to extend an exception to ABOR Policy 2-103(A) that permits Arizona Universities’ enrollment of full-time non-resident undergraduates to exceed the 30 percent cap. Under the exemption, each Arizona University may increase enrollment for full-time non-resident undergraduate students to no more than 40 percent of that University’s total enrollment.

Stephanie Jacobson, Provost Hay, Provost Grobsmith and Provost Capaldi joined the meeting for this presentation.
Regent DuVal stated that this matter was discussed at length at the Academic Affairs Committee. The Committee is recommending the extension of the exception rather than a change in the policy at this time. That would keep the 40 percent cap in place until 2013.

Regent Ginther asked where the 40% figure came from. President Shelton stated that the peers are all over the map. Some have caps, some do not. One of the issues with Arizona is that the number of students coming out of Arizona High Schools that can be admitted to the universities is approaching the limit. President Crow stated that recruiting out-of-state students are needed to reach the enrollment numbers that have been predicted for the future. He stated that he believes a cap is immaterial because the university is going to admit every qualified Arizona resident.

Regent Myers stated that attracting students from out of state is a good thing for the university and the state. As long as access is not being limited this should not be an issue. Another question is will there be an out-of-state tuition for alternative delivery mechanisms. Provost Capaldi stated that yes there will be.

President Anderes stated that the enrollment management strategy and plans are going to be very important. Enrollment strategies will be rolled out in the near future.

Upon motion by Regent DuVal, seconded by Regent McLendon, the Board unanimously approved a two-year extension to the exception to ABOR Policy 2-103, raising the cap for non-resident undergraduate students to 40% at each university.

**Proposed Revision to ABOR Policy 2-102 “Undergraduate Admissions” (First Reading) (Item #21)**

Regent DuVal stated that the Board was being asked to review a proposed revision to ABOR Policy 2-102 that will allow Northern Arizona University to use differential admission standards for joint admission programs and Northern Arizona University-Yavapai.

Fred Hurst and Provost Grobsmith joined the meeting for this presentation.

Dr. Hurst stated that this is a proposed revision to policy to allow NAU to use differential admission standards for joint admission programs and Northern Arizona University-Yavapai. This is primarily a pipeline matter. The admission process for students who are in joint programs and other programs is being simplified to encourage them to continue the baccalaureate degrees.

President Haeger added that in terms of the strategic realignment this will automatically enlarge the pool of students that are being advised within the community college to move on to their baccalaureate degrees. President Crow stated that this is a significant decision in that it moves forward the emergence of two potential state colleges.

**From Eligibility for Admission to Employment: The Flow of Students (Item #23)**

Regent DuVal stated that the Board will receive summaries of various reports beginning with the High School Eligibility Study, which analyzes the academic preparation of Arizona high
school graduates for admission to the universities. Other reports include the Pipeline of Students into Higher Education, the Fall Enrollment Report, the Annual Report on Degrees and Majors, and the Wages of Graduates Report.

Dan Anderson and Rick Kroc joined the meeting for this presentation.

Rick Kroc provided information on the eligibility survey which analyzes how well prepared the Arizona high school students are for admission to the university.

Regent Killian asked if there was any information regarding the difference between minority students in inner city schools and suburban schools. Regent Killian stated that he believes it will be helpful to be able to break this information down by school district. Superintendent Huppenthal stated that the Arizona Department of Education was working to track this type of data. Regent Myers reminded everyone that behind all of these numbers are young people who are not even making it to graduation.

Dan Anderson provided information on the Arizona Student Pipeline Report, 2010 Fall Enrollment Report, Annual Report on Majors and Degrees Awarded and Wages of Graduates Report. Regent Mariucci asked for additional information. She would like to see a simple graphic that benchmarks us against other states. Regent Killian stated that the universities need to determine why students are not moving on to postsecondary education.

**FY 2010 Student Financial Aid Report and FY 2011 and FY 2012 Financial Aid Plans**

(Item #24)

This presentation was deferred. Regent Mariucci stated that this data needs to by synthesized into a simpler, more effective format in advance of the March meeting. Regent Mariucci stated that on Page 6, the chart at the bottom of the page, she would like to see a break down by system architecture, what option of delivery the student is selecting. She would like to be able to see if the lower cost options are not only lower cost options of delivery, but also lower cost options of attendance. There also is no relevant benchmarking against other competitive states. The Regents would like to have the ability to compare apples and apples against other states that helps calibrate our financial aid and the relationship of net tuition to gross tuition. Regent Myers asked about the average tuition paid and stated that he would like to see a chart on the sticker price vs. the average tuition paid. President Anderes stated that financial aid would be part of the discussion in March.

Upon motion by Regent Mariucci, seconded by Regent DeConcini, the Board unanimously approved the universities' FY 2010 Student Financial Aid Report and FY 2011 and FY 2012 Financial Aid Plans.

**DIRECTION FROM THE BOARD TO THE UNIVERSITY PRESIDENTS REGARDING EXPECTATIONS FOR THE MARCH WORK SESSION ON THE FY 2012 BUDGET**

Direction from the Board to the University Presidents Regarding Expectations for the March Work Session on the FY 2012 Budget (Item #26)
Regent Mariucci stated that the Board will provide the University Presidents with direction regarding information to be discussed at the March Work Session on the FY 2012 Budget.

President Anderes provided a brief summary. President Anderes stated that the system office and the universities are in the process of working on various sets of data and information that will be the starting point for the March work session. It is important that the Presidents focus on what the Board is interested in. So, if any of the Regents have questions they want answered they should let us know. The Presidents want to focus on what the Board is interest in including financial aid, funding reductions, implications of the reductions and tuition matters.

Regent DeConcini would like to know: What is the market ceiling for nonresidents; Is there more capacity; What would happen under the present circumstances if you doubled the tuition for nonresidents, or if there were any substantial increase; How many students would you loose and what would be the financial results; Provide the amount of fee revenue and other fee revenue in terms of mandatory fees and tuition; How do the Regents set these tuitions, particularly the summer time; What are the reserves if any (money that is not absolutely obligated) that has to be spent, built in from program fees, course fees, mandatory fees and what are balances of those fees; What is the detail of how universities are solving their share of the budget cuts; How many real cuts have occurred in faculty and other personnel; What is the bottom line of those reductions; How much from tuition increases does that amount to and that you are going to ask for; Could students be means tested when they apply; Could there be consideration for having steps of tuition based on income; We have raised tuition in anticipation of the cliff, we are at the cliff, where is that money?

Regent Calderón would like to know: If there is something that can be cut; a program, a college or a school; and does it make sense; How will tuition increase affect the middle class, paint a picture of what is going to happen?

Regent Mariucci would like to know: How to feel comfortable that we are operating efficiently across all fronts to consider a tuition increase; The strategic plan peers comment about more resources, compare us against other universities, not just stated peers, pick peers that are funded at the same level that we are, pick peers based on the resources they get in the door and then tell us how efficient we are compared to them; Would like the universities to submit a commentary on what the regents need to understand about how and why you are different that relate to the critical policy and pricing decisions?

Regent DuVal would like to know: Strategy for state investment reduction; Where reductions will occur in institutional priorities; Strategy for tuition increases, but also what you will do if there is no increase. A glide path based upon projections as to how the thinking for this year relates to the two out years to follow; Financial aid - need better insight as to how sustainable our model is using the set aside to state financial aid; At what point of state disinvestment does the model become unsustainable; Should the Board reform the way in which the numbers in the system have morphed through the years; Should there be complete free rides or should students be expected to pay something; Do various groups/cohorts of recipients of financial aid perform better or worse than other academic cohorts; Should there be maintenance of effort as a condition of public investment; In the area of system design, can
we do less better; Can we get more delineated in the scope of mission as it relates to style and form of delivery of degrees as to the jurisdictional and geographical allocations of where degrees are delivered; Do the universities have all the tools they need to meet the goals that have been articulated as it relates to unproductive programs; Consider a long term state compact that reflects the value and importance of the universities to the State of Arizona and a long term funding strategy to reflect that; State performance goals that reflect both the state need and the institutional mission that can be embedded in a future funding formula; If the state moves to a new funding formula what should the embedded performance metrics be; Should a state compact of predictable state funding and predictable state tuition be explored so we can begin to create anchors around the state revenues that are more predictable; What should the state fund, a line item grant or should the state finance capital and financial aid or something else; What should be board directed and what should be state invested?

Regent McLendon would like to know: That there is a consensus about what the data is. He also would like to determine what, if any, unintended consequences there might be.

Regent Killian would like to know: Bottom line increase in all the debt service and potential of a building moratorium; What happens if there is an enrollment cap; What things can be put off that don’t damage the institutional mission, things that can be deferred; What will happen if the federal government reduces financial aid, how will that affect the universities?

Regent Leonard would like to know: How a tuition increase will affect students people at every income level?

Regent DeConcini left the meeting at 1:48 a.m.

President Shelton stated that the Board needed to beware when doing random comparisons based on various items because the university that we try to compare to might be turning out a very different product.

President Crow stated that it is important to remember mission differentiation - and to remember that the presidents have, over time, asked for various things to happen and the Board has not allowed the Presidents the latitude of doing many of the items the Presidents thought were needed.

**REPORT FROM THE ARIZONA FACULTIES COUNCIL**

Dr. Grossman provided a report on the Arizona Faculties Council. He stated that it was interesting that Chair Mariucci began our meeting with a reference to the Tucson shootings. He reflected on perceptions of people outside of Arizona about the state. He questions why, in the midst of one of the most significant budget crises that the state of Arizona has ever faced, do we have to focus on issues of guns. The faculty and universities need protection. We have a jewel in the Arizona higher education system. We need support for those things that we know to be of value that includes our lives, and that includes our university system. We need protection, we need advocacy, and we need leadership, like never before.
INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE ENTERPRISE EXECUTIVE COUNCIL

Regent DuVal thanked President Crow and everyone at ASU for all of their hard work in making this meeting run smoothly.

ADJOURN

The meeting adjourned at 11:48 a.m.

Submitted by:
Board Secretary