MISSION
The Arizona Board of Regents is committed to ensuring access for qualified residents of Arizona to undergraduate and graduate institutions; promoting the discovery, application and dissemination of new knowledge; extending the benefits of university activities to Arizona’s citizens outside the university, and maximizing the benefits derived from the state’s investment in education.

ARIZONA BOARD OF REGENTS
Thursday, May 28, 2015
2:00 p.m. – 4:00 p.m.

Committee Members:
Regent Mark Killian, Chair
Regent Jay Heiler
Regent Valerie Hanna
Regent Greg Patterson
Regent Rick Myers

2:00 p.m.  Call to Order, Greetings and Announcements from the Committee Chair

Approval of February 20, 2015, Committee and Executive Session minutes.

1. Repeal of Board Policy 6-212 (“College of Medicine Faculty”)

The Committee is asked to review and forward to the full Board for approval the repeal of Board Policy 6-212 that will eliminate the requirement that the University of Arizona College of Medicine Faculty be members of the UPH practice plan (which no longer exists).

2. Fourth Amendment to the Arizona Board of Regents Health and Dependent Care Cafeteria Plan.

The Committee is asked to review and forward to the Board for approval the Fourth Amendment to the Arizona Board of Regents Health and Dependent Care Cafeteria Plan. The amendment will update the plan document to conform to administration of the plan and add the $500 Health FSA Account carry over.

3. Review of Timeline for Submitting Executive Compensation Report

The committee is asked to discuss the timeline for the universities to report on Executive Compensation.
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Pursuant to A.R.S. § 38-431.03 (A)(3), the Committee will convene in executive session to discuss items identified on the executive session agenda.

EXECUTIVE SESSION

Arizona State University

4. Proposed Multiple-year Employment Contract for Head Men’s Basketball Coach (ASU)

5. Proposed Multiple-year Employment Contract for Head Women’s Basketball Coach (ASU)

University of Arizona

6. Proposed Multiple-year Employment Contract for Head Men’s Basketball Coach (UA)

7. Proposed Multiple-year Employment Contract for Head Football Coach (UA)

This agenda may be amended at any time prior to 24 hours before the Committee meeting. Estimated starting times for the agenda items are indicated; however, discussion may commence or action may be taken before or after the suggested times. Any item on the agenda may be considered at any time out of order at the discretion of the Committee Chair. During the meeting, the Committee may convene in Executive Session to receive legal advice regarding any item on the agenda.
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Item Name: Repeal of Board Policy 6-212 (“College of Medicine Faculty”)  

Issue: The committee is asked to forward to the full board for approval the repeal of Board Policy 6-212 (“College of Medicine Faculty”).

Background and Discussion:

- Board Policy 6-212 (“College of Medicine Faculty”) requires faculty of the College of Medicine in Tucson who provide clinical services to be a member or employee of University Physicians Healthcare (“UPH”).

- Banner Health merged with the University of Arizona Health Network, effective February 28, 2015, including the acquisition of UPH.

- With the Banner Health merger, Board Policy 6-212 is no longer applicable or necessary.

- The Board is asked to repeal this policy, effective as of February 28, 2015, in accordance with Board Policy 1-202.

Recommendation to the committee:

The committee is asked to forward to the full board for approval the repeal of Board Policy 6-212, effective February 28, 2015.

Contact Information:  
Nancy Tribbensee, ABOR  602-229-2510  trib@azregents.edu
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EXECUTIVE SUMMARY

Item Name: Fourth Amendment to the Arizona Board of Regents Health and Dependent Care Cafeteria Plan.

☐ Action Item ☐ Discussion Item ☐ Information Item

Issue: The committee is asked to review and forward to the full board for approval the Fourth Amendment to the Arizona Board of Regents Health and Dependent Care Cafeteria Plan. The amendment will update the plan document to conform to administration of the plan and add the $500 Health FSA Account carry over.

Background and Discussion

- The Board’s Health and Dependent Care Plan allows participants to contribute a portion of their compensation on a pre-tax basis to their account and receive reimbursements for uninsured medical care expenses and dependent care expenses.

- Board staff has received legal advice regarding the cafeteria plan from its tax counsel Mr. Charles Whetstine, who has prepared the proposed amendment to the plan document.

- The Plan is maintained by the Board pursuant to the provisions of A.R.S. § 15-1626G. As such, the Plan is not a State-provided benefit plan and therefore is not subject to the rule that state employees work regularly for at least 90 days before becoming eligible for state employee benefits (90-day rule). To avoid confusion between the benefit plans, the 90-day rule was adopted effective July 20, 2011.

- Effective September 12, 2013 the legislature eliminated 90-day waiting period. To remain consistent with the other benefit plans this proposed amendment eliminates the 90-day rule from the Health and Dependent Care Plan.

- In October 2013 the Internal Revenue Service issued guidance allowing participants to rollover up to $500 in Health Care FSA Account funds to the following plan year. Any excess up to $500 can be used for health care expenses in the following plan year. This provision must be affirmatively added to the Plan to be effective.

Contact Information:

Mary Adelman 602-229-2523 Mary.Adelman@azregents.edu
This proposed amendment clarifies the period a participant may receive reimbursement for Health Care expenses following termination of employment.

Recommendation to the committee

The committee is asked to forward to the full Board for approval the Fourth Amendment to the Health and Dependent Care Cafeteria Plan, as presented in this executive summary.
WHEREAS, the Arizona Board of Regents (the “Board”) adopted The Arizona Board of Regents Health and Dependent Care Cafeteria Plan (the “Plan”), originally effective as of April 1, 1991, and thereafter amended and restated the Plan, effective January 1, 2010, to provide certain cafeteria plan benefits to its employees; and

WHEREAS, the Board is authorized, pursuant to Section 15.3 of the Plan, to adopt amendments to the Plan; and

WHEREAS, the Board wishes to (1) eliminate the requirement to complete 90 days of employment to be eligible to participate in the Plan, (2) permit Participants to carry over $500.00 of a Participant’s unused Health FSA Account for use in the next Plan Year, and (3) clarify through what period a terminated Participant may receive reimbursement for Medical Care Expenses following termination of employment; and

WHEREAS, the Board has determined that this amendment is required to assure the Plan’s successful operation and administration and to maintain qualification of the Plan.

NOW, THEREFORE, pursuant to the authority granted to the Board in Section 15.3 of the Plan, the Plan is hereby amended as follows:
1. Section 3.1 of Article III, Eligibility and Participation, is hereby amended in its entirety, effective September 12, 2013, to read as follows:

"3.1 Eligibility to Participate

An individual is eligible to participate in this Plan (including the Premium Payment Component, Health FSA Component and the DCAP Component) if the individual satisfies all of the following: (a) is an Employee; and (b) is working 20 or more hours per week (an “Eligible Employee”). As prescribed by an Employer for its group of Employees, an Employee will commence Participation in the Plan after the Employee becomes an Eligible Employee and on either: (y) the first day of the first payroll period following the Employee’s enrollment within 31 days of the Employee becoming an Eligible Employee; or (z) the first day of the calendar month following the Employee’s enrollment within 30 days of the Employee becoming an Eligible Employee. Eligibility for Premium Payment Benefits shall also be subject to the additional requirement, if any, specified in the Medical Insurance Plan or Group Term Life Insurance Plan. Once an Employee has met the Plan’s eligibility requirements, the Employee may elect coverage effective on the date specified in the second sentence in this Section 3.1 or, for any subsequent Plan Year, in accordance with the procedures described in Article IV."

2. Section 3.3 of Article III, Eligibility and Participation, is hereby amended in its entirety, effective September 12, 2013, to read as follows:

"3.3 Participation Following Termination of Employment or Loss of Eligibility

If a Participant terminates his or her employment for any reason, including (but not limited to) disability, retirement, layoff, or voluntary resignation, and then is rehired within 30 days or less after the date of a termination of employment, then the Employee will be reinstated with the same elections that such individual had before termination. If a former Participant is rehired more than 30 days following termination of employment and is otherwise eligible to participate in the Plan, then the individual may make new elections as a new hire as described in Section 3.1.

Notwithstanding the above, an election to participate in the Premium Payment Component will be reinstated only to the extent that coverage under the Medical Insurance Plan or Group Term Life Insurance Plan, as the case may be, is reinstated. If an Employee (whether or not a Participant) ceases to be an Eligible Employee for
any reason (other than for termination of employment), including (but not limited to) a reduction of hours, and then becomes an Eligible Employee again, the Employee will recommence participation in the Plan on the date specified in Section 3.1."

3. Section 7.6 of Article VII, Health FSA Component, is amended in its entirety, effective January 1, 2016, to read as follows:

"7.6 Forfeiture of Health FSA Accounts; Use-It-or-Lose-It Rule; $500 Carryover Permitted

(a) Use-It-or-Lose-It Rule. Subject to Section 7.6(b), if any balance remains in the Participant’s Health FSA Account for a Period of Coverage after all reimbursements have been made for the Period of Coverage, then such balance shall not be carried over to reimburse the Participant for Medical Care Expenses incurred during a subsequent Plan Year. The Participant shall forfeit all rights with respect to such balance.

(b) Health FSA Account Carryovers Permitted. Notwithstanding any other provision of the Plan to the contrary, amounts remaining in a Participant’s Health FSA Account at the end of the period during which a Participant may submit claims for a preceding Plan Year, as provided in Section 7.7, may be used to reimburse the Participant for Medical Care Expenses that are incurred during the next Plan Year. The following conditions shall apply to any amounts carried over from one Plan Year to the next Plan Year:

- No more than $500.00 of the Participant’s unused Health FSA Account may be carried over for use in the next Plan Year.

- Carryovers may not be cashed out or converted to any other taxable or nontaxable benefit, and will not count toward the maximum annual benefit amount that a Participant may elect to receive under this Plan, as provided in Section 7.4(b), in the form of reimbursements for Medical Care Expenses incurred during the Plan Year to which the amounts were carried forward.

- Medical Care Expenses incurred in the current Plan Year will be reimbursed first from the amounts available for such reimbursement for that Plan Year. Following the close of the
period during which a Participant may submit claims for a preceding Plan Year, as provided in Section 7.7, the carryover amounts from the prior Plan Year (not exceeding $500.00) may then be used to pay Medical Care Expenses incurred in the current Plan Year.

- If the Participant was enrolled in the General-Purpose Health FSA Option described in Section 7.3(b) in the Plan Year from which the carryover amount is carried into a subsequent Plan Year and if the Participant is enrolled in the Limited Health FSA Option described in Section 7.3(b) in the subsequent Plan Year, any amounts carried forward into the subsequent Plan Year may only be used to reimburse Medical Care Expenses incurred in the subsequent Plan Year that are eligible for reimbursement under the Limited Health FSA Option.

(c) Use of Forfeitures. All forfeitures under this Plan shall be retained by the Employer and the Participants shall have no claim thereto. In addition, any Health FSA Account benefit payments that are unclaimed (e.g., uncashed benefit checks) after the Employer has made reasonable attempts to contact the Participant shall be remitted to the State of Arizona as unclaimed property."

4. Section 7.8 of Article VII, Health FSA Component, is amended in its entirety, effective January 1, 2015, to read as follows:

“7.8 Reimbursements From Health FSA After Termination of Participation; COBRA

When a Participant ceases to be a Participant under Section 3.2, the Participant’s Salary Reductions and election to participate will terminate. Subject to the following paragraph of this Section 7.8, the Participant will not be able to receive reimbursements for Medical Care Expenses incurred after the last day of the payroll period in which the Participant terminated employment or otherwise ceases to be eligible for such reimbursements. However, such Participant (or the Participant’s estate) may claim reimbursement for any Medical Care Expenses incurred during the Period of Coverage prior to the date that the Participant ceases to be eligible, provided that the Participant (or the Participant’s estate) files a claim within the period set forth in Section 7.7(b).
Notwithstanding any provision to the contrary in this Plan, to the extent required by COBRA, a Participant and his or her Spouse and Dependents, as applicable, whose coverage terminates under the Health FSA Component because of a COBRA qualifying event (and who is a qualified beneficiary as defined under COBRA) shall be given the opportunity to continue on a self-pay basis the same coverage that he or she had under the Health FSA Component the day before the qualifying event for the periods prescribed by COBRA. Specifically, such individuals will be eligible for COBRA continuation coverage only if, under Section 7.5, they have a positive Health FSA Account balance at the time of a COBRA qualifying event (taking into account all claims submitted before the date of the qualifying event). Such individuals will be notified if they are eligible for COBRA continuation coverage. If COBRA is elected, it will be available only for the remainder of the Plan Year in which the qualifying event occurs; such COBRA coverage for the Health FSA Component will cease at the end of the Plan Year and cannot be continued for the next Plan Year. Such continuation coverage shall be subject to all conditions and limitations under COBRA.”

5. In all other respects, the Plan, as amended, is hereby affirmed.
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EXECUTIVE SUMMARY

Item Name:  Review of Timeline for Submitting Executive Compensation Report

☐ Action Item  ☒ Discussion Item  ☐ Information Item

Issue:  The committee is asked to discuss the timeline for the universities to report on Executive Compensation.

Background

• While maintaining oversight authority, the Board has delegated to the presidents the responsibility to make employment decisions, including executive compensation at their universities and the Board office.

• ABOR Policy requires the Presidents to submit to a Board committee an annual report describing the current compensation for all senior level executives that report directly to the president.

• Under the policy, the Presidents retain discretion to make compensation adjustments for senior executives. The intent of the policy is to have salaries fall within a range of 90% to 110% of the current compensation reported in the College and University Professional Association for Human Resources (CUPA-HR) Administrative Compensation Survey.

• The initial reporting requirement for this report was for a March 1st submission date, but in order to provide the universities and Board staff more flexibility it was determined that a different timeline be established for submitting the report. The board has not requested the report since 2012. The committee is asked to discuss the timing and content for future reports.

Statutory/Board Reference

A.R.S. § 15-1626 (General Administrative Powers and Duties of Board)
ABOR Policy 6-915 Executive Compensation

Recommendation to the committee:

This is a discussion item.

Contact Information:
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Gale Tebeau, ABOR  602-229-2522  gale@azregents.edu
6-915 Executive Compensation

A. Each President will submit to the Board’s Executive Committee (or such other Committee that the Board designates to address Human Resource matters) an annual report describing the current compensation for all vice presidents and for all senior executives who report directly to the President

1. The Executive Compensation Reports will be prepared in a format approved by the President of the Board, and will include the following elements: total compensation paid to each individual, source of funding, and appropriate comparison salary data as reported in the current year’s College and University Professional Association for Human Resources (CUPA-HR) Administrative Compensation survey, or such other source of comparative compensation data deemed appropriate by the Committee.

2. For purposes of the report, each university will use their Board-approved peer institutions as their comparator group.

B. With the exception of appointments requiring Board approval pursuant to ABOR Policy 6-910 (Appointments Requiring Board Approval), the Presidents retain discretion to make compensation adjustments for all employees.