

MINUTES OF A MEETING



February 2 and 3, 2006

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MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
February 2 and 3, 2006

A meeting of the Arizona Board of Regents was held February 2 and 3, 2006, in the Arizona State University Memorial Union, Tempe, Arizona. President Palacios called the meeting to order at 1:15 p.m., on Thursday, February 2, 2006.

PRESENT: Regent Fred Boice
Regent Robert Bulla
Regent Ernest Calderón
Regent Benjamin Graff
Regent Edward Hermes
Regent Jack Jewett
Regent Anne Mariucci
Regent Christina Palacios
Regent Gary Stuart
Superintendent Tom Horne (Thursday only)

ABSENT: Governor Janet Napolitano

Also present were: President Peter Likins, Dr. George Davis, Mr. Greg Fahey, Dr. Randy Groth, Ms. Judith Leonard, Dr. Leslie Tolbert, Ms. Edith Auslander, Mr. Joel Valdez and Dr. Patti Ota, University of Arizona; President John Haeger, Dr. Elizabeth Grobsmith, Dr. M. J. McMahon, Northern Arizona University; President Michael Crow, Dr. Milt Glick, Mr. Paul Ward, Dr. Christine Wilkinson, Mr. Rich Stanley, Arizona State University; Executive Director Joel Sideman, Board Counsel Paulina Vazquez Morris, Secretary to the Board Judy Garza, Dr. Art Ashton, Mr. Michael Hunter, Ms. Cathy McGonigle, Mr. Ted Gates, Ms. Stephanie Jacobson, Dr. Mark Denke, Ms. Kathy Bedard, Mr. Dan Anderson, and Ms. Stella Galaviz, Central Office; and Mr. Robert Mitchell, Arizona Faculties Council.

All list, reports, summaries, background materials, and other documents referred to in these minutes can be found in the February 2 and 3, 2006, Documents File.

Regent Palacios introduced one of the new regents, Anne Mariucci. Regent Mariucci is a businessperson and community leader who served as President of the Del Webb Corporation and is currently a private equity investor.

Regent Boice led the Pledge of Allegiance.

Regent Palacios said that everyone is saddened by the death of Regent Lorraine Frank. She was a bright spirit, a fine role model and will be missed. The Governor has appointed Jack Jewett as a replacement for Regent Frank.

Regent Palacios acknowledged the appointment of Senator Deconcini. He is going through the confirmation process and it is hoped that he will begin his term before the next meeting.

Regent Palacios then introduced two students from ASU, both former ASU football players. Both students distinguished themselves on the football field and in the academic field.

Chad Christensen graduated summa cum laude with a bachelor's degree in finance and is finishing his second degree in marketing. Mr. Christensen was the consummate Sun Devil player at quarterback, tailback, wide receiver, and the holder for place kickers. He was awarded many honors and awards for both athletics and academics. He was the 2006 recipient of a postgraduate scholarship presented annually by the Valley of the Sun Chapter of the National Football Foundation and College Hall of Fame. Mr. Christensen stated that he is taking the Pat Tillman Leadership through Action Class. He is also has an internship with Mass Mutual to get his feet wet in the financial advisory world. In the long term he is interested in becoming an athletic director.

Grayling Love graduated cum laude in December 2005 with a bachelor's degree in finance. He played every offensive line position. He also earned many honors and award for both athletics and academics. He was selected as National Scholar Athlete award winner, from which he earned \$19,000 toward post-graduate studies. Mr. Love is working on his master's in higher education while training for the NFL draft. He is also starting a program to provide students in underprivileged areas with sports equipment and working with a program called Scholarball which stresses the important of academics in athletics.

REPORT FROM THE PRESIDENT OF ARIZONA STATE UNIVERSITY

President Crow stated that one of ASU's efforts is to expand its entrepreneurship capacity within and outside the university. Projects such as Technopolis, which is an effort to replicate the CONNECT program from the University of California at San Diego, involves hundreds of companies in terms of building entrepreneurial capacity and spirit. In addition, a donor/investor has invested created an enterprise called the Edson Student Entrepreneur Initiative, named after the Edson family who provided financial assistance for this program. This initiative gives ASU students the opportunity to attain resources and launch their ideas making them a reality.

President Crow introduced Julia Rosen, Assistant Vice President for Economic Affairs, who explained the Edson Student Entrepreneur. The primary goal of the program is to contribute to the establishment of technology, life science, and other innovative firms in the region, and to assist in the recognition of Greater Phoenix as an internationally-known center of science innovation and commercialization.

Through the Edson Student Entrepreneur Initiative, students can apply for a year-long program that provides up to \$20,000 of seed funding per team, office space, and entrepreneurial guidance. The Initiative selects 10 to 15 teams annually to help them develop their ideas for products, services and social good in the marketplace.

Examples of the ventures are ETEKA, which invents and licenses new technologies, including a process for the instant marination of foods, and The Brightest Crayon that provides social opportunities for children with special needs, giving parents respite time.

CALL TO THE AUDIENCE

ERIN HERTZOG: the acting student body president from the UA, thanked the board for taking student recommendations into account when selecting the UA president.

KATIE AGUILAR: Representative of the Tri-University Classified Staff Council, discussed the role of the council. Tri-University Classified Staff Council members are interested in participating in the development and continued evolution of the three universities.

ALANNA OSSA: Representing the graduate student government at ASU, spoke on behalf of the graduate student government to voice concerns regarding the potential ramifications of differential tuition. The graduate student government is concerned that between base tuition, differential tuition, program fees and special class fees, the cost of classes could go up drastically without violating ABOR's policy of the top of the bottom 1/3. They would like ABOR to consider calculating base tuition more along the lines of total direct university based educational costs because that would help students already in the pipe line considering professional programs plan better for educational costs.

YASER ALAMOUDI: said he was concerned differential tuition would affect access. Differential tuition might make students chose a major based on the cost of the program and there could be an impact on disadvantaged students. Mr. Alamoodi urged ABOR to set a formula by which the highest amount of tuition being charged for a particular program does not exceed the lowest amount of tuition and fees charged for another program by a single digit percentage.

LINDSAY BAYUK: Spoke in opposition to the proposed meal plan. She stated that the least expensive meal plan would increase her food budget by \$300. Students will be forced to live off campus just to avoid the expense of the meal plan.

RICHARD SALES: representing the undergraduate student government at ASU stated he had major concerns regarding differential tuition. To put a price tag on certain majors suggests that some programs are not as worthy as other programs and undermines the principal of what higher education is about. There is also the logistical aspect; students change majors so frequently, the enforcement of different price tags will be incredibly difficult.

CONSENT AGENDA

President Palacios announced that Head Women's Basketball Coach Multiple-Year Employment Contract (ASU) (Agenda Item #16) was pulled from the Consent Agenda to be discussed under the Resources Committee portion of the agenda.

Items on the Consent Agenda, which are marked in these minutes with an asterisk (*), were considered as consent matters and were adopted upon the motion of Regent Boice, seconded by Regent Bulla.

CONSENT AGENDA (Continued)***Minutes**

The September 29 and 30, 2005 Executive Session minutes, and the December 1 and 2, 2005, Regular Meeting minutes, were approved

Programs Committee Consent***Academic Program and Organizational Unit Change Requests and Summary Report on Program and Organizational Changes Approved by the Executive Director (Agenda Item #7)**

The Board approved Arizona State University's requests for Planning approval for a B.A. with a major in History and Culture and a B.A. with a major in Literature, Writing, and Film, at the Polytechnic campus; and the establishment of the American Indian Policy and Leadership Development Center, the Center for Law, Leadership, and Management, and the Center for Social Dynamics and Complexity, at the Tempe campus.

The Board approved the University of Arizona's requests for Implementation approval for the B.A. with a major in Africana Studies, an MS with a major in Microbiology and a PhD with a major in Microbiology (expedited); the establishment of the William H. Rehnquist Center on the Constitutional Structures of Government and Judicial Independence; and the Reorganization of the Department of Microbiology and Immunology into the Department of Immunology in the College of Medicine, and renaming the MS and PhD in Microbiology and Immunology to the MS and PhD in Immunology.

Resources Committee Consent***University Medical Center Corporation UMCC FY 2005 Audited Financial Statements (Agenda Item #13)**

The Board received the FY 2005 UMCC financial statements. In FY 2005, UMCC reported \$372.8M in operating revenues and \$350.7M in operating expenses, resulting in operating income of \$221M. For FY 2006, UMCC has budgeted operating revenues of \$394.8M and operating expenses of \$377.8M resulting in projected operating income of \$17M.

***FY 2005 University Technology Transfer Reports (Agenda Item #14)**

The Board received the universities' FY 2005 technology transfer reports. The universities FY 2005 technology transfer reports indicate a 22% increase in numbers of invention disclosures, a 6% increase in United States patent applications, and a 30% increase in licenses/options signed; but indicate an 18% decrease in patents issued.

CONSENT AGENDA (Continued)***Proposed Revision to Board Policy 1-105, "Competition with Private Enterprise (Second Reading) (Agenda Item #15)**

The Board approved the proposed revision to Board Policy 1-105, "Competition with Private Enterprise," that deletes references to the Private Enterprise Board as the Board has been disbanded by statute.

***Softball Head Coach Multiple-Year Employment Contract (ASU) (Agenda Item #17)**

The Board authorized Arizona State University to enter into a multiple-year employment contract with Clinton Myers to serve as Softball Head Coach, extending his contract through June 30, 2010. His salary will be \$86,500.

***Appointment of a Vice President (NAU) (Agenda Item #18)**

The Board approved the appointment of Kathe M. Shinham as the NAU Vice President for Administration and Finance, effective March 13, 2005. The fiscal year salary for this position is \$170,000.

***Approval of Multiple-year Employment Contract for Head Football Coach (NAU) (Agenda Item #19)**

The Board authorized Northern Arizona University to enter into a multiple-year employment contract with Jerome B. Souers to serve as Head Football Coach, extending his contract through December 31, 2008. His salary will be \$93,105.

***Approval of Amendment to Multiple-Year Employment Contract for the University of Arizona's Head Baseball Coach (Agenda Item #20)**

The Board authorized the University of Arizona to enter into an amended multiple-year employment contract with Andrew Lopez to serve as Head Baseball Coach, extending his contract through June 30, 2011 and increasing his salary to \$96,615.

Presentation on Arizona College Scholarship Fund (ACSF)

President Palacios then introduced Mr. Don Budinger who was giving a presentation on the Arizona College Scholarship Fund (ACSF). He is the founder and former President of Rodel, Inc., the world's largest manufacturer of high precision surface finishing chemicals. When Rodel was sold in 2000, a significant portion of the proceeds were contributed to create the Rodel Foundations in Delaware and Arizona. Mr. Budinger serves as Chairman of the Rodel Foundations. The vision of the Arizona foundation is to improve the state education system so that it is widely recognized as one of the best in the country by 2020. The Board of Regents gave its highest award, the Regents Award, to Don Budinger in 2004 for promoting involvement of the business community with education.

Mr. Budinger has just taken on the responsibility of President of the Arizona College Scholarship Foundation, an initiative of Governor Janet Napolitano. ACSF is an innovative program providing mentoring and college scholarships to Arizona's highest potential low-income students.

Mr. Budinger said as the working world becomes increasingly more competitive, the adults of tomorrow will have to invest in higher education. But, as the cost of tuition rises, more and more low-income students who want to pursue a successful career need access to the ever-shrinking pool of scholarship dollars. To fill this gap, the private sector needs to step up to the challenge to create funding for Arizona students in need. Today, Arizona ranks among the five lowest states in terms of state-funded financial assistance. University tuition in Arizona is increasing. The Arizona College Scholarship Foundation is a non-profit organization made up of concerned Arizona business and community leaders, elected officials and policymakers, philanthropists and foundations, education leaders and community service leaders--all of whom are committed to making college a reality for Arizona students through scholarships and mentoring programs to low income/high potential students. It is the state's most significant public/private collaborative effort to increase the number of baccalaureate degree holders in the state. |

Mr. Budinger introduced Martha Harmon, the CEO and President of ACSF. Ms. Harmon said that ACSF is modeled after the highly successful Washington Education Foundation (WEF) that was established in 2000 and has provided \$25 million in scholarships to 2,500 students and a total of \$130 million in scholarships and mentoring programs. Many community leaders have joined in support of this effort for the state of Arizona. ACSF is committed to making a college education a reality for Arizona's high potential student who simply cannot afford the cost. The organization will raise significant dollars for college scholarships, develop and continually evaluate and improve this innovative program, and create strong statewide collaboration. ACSF will be working with established and successful organizations that serve high-risk children and provide early mentoring such as Arizona Quest for Kids, YMCA, Big Brothers/Big Sisters, JAG, ABEC and the Boys and Girls Clubs. The goal is to get up to the point where ACSF can support 500 students a year which will be 2000 students in the system.

Programs Committee

Regent Jewett chaired this portion of the agenda.

Annual FY 2005 Student Financial Aid Report and FY 2006 and FY 2007 Financial Aid Plans (Agenda Item #1)

Mark Denke, John Nametz, Rick Kroc, Craig Fennell and David Bousquet joined the meeting for this discussion.

Dr. Denke said in 2005, University Financial Aid was one of four state programs to undergo a Strategic Program Area Review (SPAR), by the JLBC and OSPB staff. As a result of this review, recommendations were made to the universities and several improvements and

**PROGRAMS COMMITTEE – STUDENT FINANCIAL AID REPORT AND PLANS
(Continued)**

additions to the Financial Aid Report and Plans are being made. The universities will continue to work with the JLBC staff to provide additional reporting and data collection to the FY 2006 Financial Aid Report.

Dr. Denke reported on financial aid given in 2004-2005. Total financial aid from all sources in the university system amounted to \$791.7 million. ASU distributed 48% of total aid, NAU distributed 18%, and UA distributed 34%. The largest source and type of financial aid awards came from student loans, approximately 46.5%; and the smallest source came from state funding, amounting to \$1.5 million or two tenths of one percent. Excluding student loans, state funding still represents less than one half of one percent of student financial aid.

The average amount of undergraduate debt has decreased slightly during the past year from \$17,061 to \$16,881. Meanwhile, the average amount of graduate debt has fallen from \$43,272 in 2003-04 to \$32,386 in 2004-05. At the same time, the average amount of debt at graduation for both undergraduate and graduate students increased 5.1% for undergraduates and 11.7% for graduate students.

The total Arizona Financial Aid Trust Fund (AFAT) aid awarded in FY 2005 amounted to \$3.8M, with 3,108 students awarded AFAT aid with an average award of \$1,234. Ninety-nine% of AFAT aid was awarded to undergraduates.

Board policy also requires the universities to submit annual financial aid plans which are intended to give a general picture of estimated amounts and broad goals for the use of financial aid resources and to ensure that they are in compliance with Board policies and guidelines.

Board Policy 4-309 requires the universities to set aside 14% of tuition revenues for need-based financial aid. The estimated amount of tuition revenue to be set aside by each university for FY 06 and FY 07 meets this requirement. Because of anticipated increases in the level and mix of enrollments, the planned increase in tuition revenues to be retained under the 14% set-aside policy is slightly larger than the estimate for FY06. The total set-aside estimate for the university system in FY 07 is \$50.8 million for an increase of \$1.3 million or 4.1%. Estimated total financial aid as a percentage of tuition and fee revenues is projected to increase to approximately 33% for all three universities in FY 2007.

John Nametz, Director of Financial Aid at the University of Arizona, discussed a number of current financial aid issues and challenges facing the universities. He stated that there are some significant challenges coming up this year, the first being the issue of increasing debt. The Higher Education Act Reconciliation Bill has passed Congress and loans for undergraduates at the lower level will be increased - \$900 increase for freshman and \$1000 for sophomores.

**PROGRAMS COMMITTEE – STUDENT FINANCIAL AID REPORT AND PLANS
(Continued)**

Loan eligibility for graduate students will increase by \$2000 in the unsubsidized program and will be basically unlimited in what is a type of graduate plus loan program that will allow students to borrow up to the cost of attendance. Students will be able to get guaranteed loans at a better rate, but the universities are going to be tracking debt for these students that will be much higher than what has seen in the past.

The Higher Education Act also has some implications in terms of the Pell Grant. The Pell Grant will now have some provisions that will allow students in essential languages, math and science, to receive substantial increases in the amount they can be awarded. This amounts to a \$750 increase for freshman, \$1300-1400 increase for sophomores and \$4000 increase for students in junior and senior levels. What is required for this is a rigorous high school curriculum. There are grade point averages that must be met throughout their college career and enrollment in particular programs in science, math and critical languages. There will be a significant issue in terms of administering and tracking these programs, admitting students in these programs, and adjudicating issues that result from the newness of the program.

The universities are also seeing significant questions coming into financial aid offices regarding the administering of the AIMS Honor's Endorsement program. There are some issues to be resolved by the Arizona Department of Education.

Regent Jewett stated that one of his concerns is that the universities are forecasting that student indebtedness will go up. Regent Jewett asked what the Board could do to start to move these metrics in the right direction for better access and affordability. Mr. Nametz proposed that this might be an opportunity to look for statewide support for financial aid at the legislature.

President Palacios asked what the other changes would be regarding Pell Grants. Mr. Nametz stated that he thought the universities are going to be tracking decision and achievement levels that are already made. The change will result in more administrative work than effect for students

President Likins said that this is a modification of the Pell Grant that will be awarding high performance kids for college based on what they do in junior high and high school; it is a fundamental reallocation of dollars. Students that have already demonstrated their strength will be rewarded.

Regent Bulla would like to include in this report Dan Anderson's report on financial unmet needs which showed that even though tuition had gone up, the unmet need has gone down because the Regents put 40% of the tuition in financial aid. Regent Jewett stated that the Regents must be very mindful of not driving out the poor and not sweeping out the middle class.

Regent Boice said everyone would like to see all unmet need met, but the fact of the matter is that is not the way it is. A little more time needs to be spent on the efficiency of the aid that is provided. For example, if the grade point average is raised from 2.0 to 2.2 will more of the

**PROGRAMS COMMITTEE – STUDENT FINANCIAL AID REPORT AND PLANS
(Continued)**

students that are admitted complete their education. How much aid is spent on students that come for two years and then drop out. If limited resources are used, the universities need to use them well.

Regent Hermes asked how the AFAT funding is allocated. He asked why graduates are getting 1% and why they only get 1%. Mr. Nametz said the basic concept of grant aid to students in financial aid is looking at the whole package when a student gets a grant. It doesn't matter what kind of a grant it is. AFAT's priority is and always has been undergraduate students with the remainder going to graduate students. At the University of Arizona, institutional funds are used for graduate students.

President Crow said the strategy passed by the board several years ago has been successful. ASU can now say that its enrollment demand is at the highest level ever from all incomes. Minority access is at the highest level that ASU has ever attained. At the same time, the debt load of people graduating from the university is decreasing. ASU is studying who dropped out and why they dropped out; President Crow believes it is a resource problem

Regent Stuart asked about the freshman lost last year compared to how many left four years ago when the Regents initiated the set-aside for financial aid. President Crow stated that freshman retention levels are at the highest level this year.

Regent Mariucci stated that she read an article about the publicly traded insureds of student loans making record profits. This story told about the mysterious loan administration practices from these insurers and students, particularly need-based students, missing one payment and having their interest rate increased profusely, which in many cases ruined their lives. She asked if this was true and if it is, do the universities have it in their power to be sure there is truth in lending; when these students graduate, is anything done to help them in these matters?

Mr. Fennell stated that these practices do exist. The universities spend a great deal of time vetting lenders. And they have lists of preferred lenders that are given to students. ASU established a small internal committee to monitor loan default rates. The committee reaches out to students and talks to them and to help them make better choices, how to use the tools and resources that are available to them, and how to recognize problems. The universities track students and try to help them avoid future credit problems.

Regent Calderón stated that we have an opportunity to help change this unfortunate circumstance where we have a low amount of state financial aid. Currently there is a bill that is being run to provide up to \$5 million for a work study program. He urged the Board to do whatever it can to support the legislators that are trying to bring students more financial aid. Regent Jewett stated that the Governor has made a commitment in her budget to financial aid.

Upon motion by Regent Jewett, seconded by Regent Calderón, the Board approved the FY 2005 Student Financial Aid Report and the FY 2006 and 2007 Financial Aid Plans.

PROGRAMS COMMITTEE (Continued)

Regent Jewett stated that, over the past few months, the provosts had been reviewing a number of Board policies in response to Focused Governance, the initiative Regent Stuart set up as Board president. Proposed changes to three following Board policies were presented. Each of the policies was presented for a first reading; so no action was taken.

Proposed Revision of ABOR Policy: 2-103, "Enrollment" (First Reading) (Agenda Item #2)

Dr. Milt Glick, Dr. Liz Grobsmith, Dr. George Davis and Ms. Stephanie Jacobson joined the meeting for this discussion.

Ms. Jacobson stated that Policy 2-103 would place an enrollment cap on nonresident undergraduate students at 30% of the undergraduate head count. Previously, Board policy set a 25% cap on all nonresident students. That provision was removed under changing directions to provide the universities more discretion in managing enrollments. However, there have been some concerns raised by Arizona legislators about the lack of a cap impacting Arizona undergraduates. In response to those concerns, the universities are proposing this change to Board Policy 2-103.

Regent Graff asked what the percentages were currently. Dr. Glick answered that the University of Arizona was at 29.2%, Arizona State University was at 23.7%, and Northern Arizona University was at 18%.

Proposed Revision of ABOR Policy 2-203, "Academic Degree Program Planning and Implementation" (First Reading) (Agenda Item #3)

Dr. Milt Glick, Dr. Liz Grobsmith, Dr. George Davis and Ms. Stephanie Jacobson joined the meeting for this discussion. Ms. Jacobson stated that Policy 2-203 prescribes a 2-step process when a university seeks to add a new academic program. The first step is to obtain approval from the Board to plan a new program. Once the Board approves the planning request, the university has three years to develop the program and return to the Board for approval to implement the program.

The changes the provosts are requesting to this policy are to create a clearer distinction between the planning and implementation steps, to streamline the planning requirements, and to create a better alignment between the two processes.

Some information required for the approval to plan is more typically developed once the faculty knows they have the approval to actually do the planning. Current Board policy requires that the learning outcomes and the assessment to measure those learning outcomes be part of the request to plan. However, this is more logically linked to the curriculum which is developed when actually planning a program prior to implementation.

PROGRAMS COMMITTEE – BOARD POLICY 2-203 (Continued)

Consequently, the provosts are asking that the development of learning outcomes and assessments be moved to the Request to Implement. This would better align the two processes and help streamline the planning steps.

A specific outline for the information to be provided in the planning request would be explicit in the policy if this change is approved. This outline is intended to provide a high level description of why the request is being made. Once the plan is approved, greater detail would be described in the implementation document.

When proposals are submitted for planning, the university must indicate if the program is unique, meaning that neither of the other two universities offers it; or, if it's a duplicative program, additional justification is required. The universities are proposing a revision to the justification for offering a duplicative program that better reflects the university's considerations for developing new programs. Rather than indicate whether it is a basic academic subject, the universities must address the relation of the program to their long-term mission.

Regent Bulla stated that he didn't quite understand that branch campuses had a different procedure in place than on the main campus. He believes that the procedure should be the same. Ms. Jacobson responded that all new programs for any of the campuses come through the same process. The only difference is, in the case where the main campus offers a program, a branch campus can offer the same program by sending it through the Chief Academic Officers and then having the Executive Director sign-off on it.

Regent Bulla suggested that the Regents should, as they continue to develop the branch campuses, think more about that issue. He would like to have the issue of new programs at branch campuses come back to the Board at a later date as he believes the Board might need to set procedures and methodologies for the expansion of programs and classes throughout the state, taking into consideration changes that have occurred, such as the removal of geographic boundaries.

Provost Glick stated that historically branch campuses were able to import degrees that were identical. It is a way to jump start a new campus. Since ASU is now committed to non-duplicative degrees on each campus, ASU is comfortable with putting all degrees through the same process.

Regent Stuart said that when he began the focused governance agenda his intent was to streamline the degree granting process. What he wanted was for the provosts, in matters of program development and submission to this board, to find ways to do it quicker, faster, and easier.

Provost Davis stated that the quicker, faster part comes when the provosts invite the Board's approval for making exceptions in combining the planning and implementation process and justify why they are in such a rush. In most other situations, the two step process really

PROGRAMS COMMITTEE – BOARD POLICY 2-203 (Continued)

makes the most sense because there needs to be discussion to make certain that the change is going to be acceptable and it is not going to result in both internal and system issues by virtue of duplication where duplication isn't justifiable.

Regent Jewett stated that, as the new chair of the Programs Committee, he hoped to work on the efficiency of this process. Provost Grobsmith stated that the two step process is the one that works for the Arizona system. It takes time to grow ideas, and the planning process is quite fantastic. Most programs are developed in less than one year. One of the benefits of this policy is the ability to request an expedited review.

Regent Stuart stated that the other point he wanted to make was that when you look at the good work that the JCC has done, that committee has accomplished more in six months than the prior three years. The 5th and 6th proposals that are going to be considered today mean that the universities will need to respond with programs faster than they are now. If we cannot provide new programs faster, then we will not be able to compete.

Regent Jewett said that the Programs Committee will work on this item before it is brought back to the next meeting for a vote. It appears that the committee is making progress. His hope would be that if the Programs Committee heard the items, most of them could then go to the Board on the Consent Agenda.

Proposed Revision of ABOR Policy 4-301.H, "Grade Point Averages" (GPA) for Renewal of Nonresident Tuition Scholarships" (First Reading) (Agenda Item #4)

Dr. Milt Glick, Dr. Liz Grobsmith, Dr. George Davis and Ms. Stephanie Jacobson joined the meeting for this discussion. Ms. Jacobson stated that the Provosts are asking for a modification to the policy that will remove the designated GPA for the continuance of merit waivers for non-resident students. Current policy does define specific GPA levels and the universities are requesting that rather than have a specific GPA, that it be delegated back to the universities to follow the guidelines that they set and requirements for merit-based scholarships. One of the advantages of making this a little more flexible is to make it easier for the financial aid officers to deal with individual students and their individual issues and needs.

Regent Bulla asked if the universities could report to the Board on the activities that occur because of this change so that the Regents could be assured that the awarding of these waivers does not reduce the current standard. Regent Palacios agreed that there ought to be the flexibility for the universities to do this, but it should be watched very carefully and to make certain that the standards are not drifting down.

Regent Hermes agreed that there needs to be oversight. He asked how this change would help deal with a student that has extenuating circumstances and was told that if there is an issue relating to a specific student and the student's GPA is off a small amount, the financial aid office would be able to look at the individual student, look at his individual circumstances, and make the decision based on those things, not just the GPA.

PROGRAMS COMMITTEE (Continued)**Annual Report on the Faculty Tenure and Post-Tenure Review Processes (Agenda Item #5)**

Dr. Milt Glick, Dr. Liz Grobsmith, Dr. George Davis and Ms. Stephanie Jacobson joined the meeting for this discussion. Ms. Jacobson stated that the tenure, post-tenure track report answers these main questions: 1. Are the standards for awarding tenure to faculty rigorous enough? 2. Are they applied fairly? and, 3. Are tenured faculty held accountable and monitored closely enough?

Universities hire faculty into one of three tracks: hired with tenure, hired tenure eligible, or non-tenure track. Tenure is an employment status awarded by a president to a faculty member who has demonstrated excellence in teaching, research and service based on criteria established by each university. Tenured faculty are entitled to continued employment unless he or she is dismissed or released in accordance with Board policy on post-tenure review. The primary purpose of the tenure audit is to analyze the outcome of the tenure process, including women and minorities.

Ms. Jacobson presented figures detailing faculty percentages. Among the full time faculty, 56% are tenured, 18% are tenure track and 26% are not tenure eligible. Among the full time women faculty, 43% are tenured, 22% are tenure track and 36% are not tenure eligible. Among the full time minority faculty, 49% are tenured, 25% are tenure track, and 26% are not tenure eligible.

Compared to the prior year's report of those hired into a tenure track, fewer made it to the tenure review and fewer of those who did were granted tenure. Among women hired into a tenure track position, there was an increase in the number who left prior to the tenure decision and a decrease in women who achieved tenure; and among minorities hired into a tenure track position, there was a decrease in the number who left prior to the tenure decision and an increase in minorities who achieved tenure.

This year's tenure report looks at 347 faculty who entered into a tenure track position during 1997-98 and 1998-99. Of the 347, 56% were granted tenure, a 1% drop from each of the previous two years, and 33% left prior to the tenure decision. Looking back over the last few years, there has been a small but steady increase in the percentage of faculty leaving prior to a tenure decision. In 1989 only 27% left, this year's 33% is the highest number to date.

Tracking women and minorities who are 2-year tenure track cohorts shows the number of women have decreased 3% from last year, the number of minorities are down 1% from last year, women are leaving before the tenure decision at a faster rate than men, and non-minorities are leaving before the tenure decision at a faster rate than minorities. Women continue to be granted tenure less than men; but minorities are granted tenure at the same rate as non-minorities.

Approximately 1/3 of the tenured faculty are reviewed each year based on three years worth of effort in the areas of teaching, research and service. Of the 2612 faculty who went through the Post Tenure Review process in 2004-05, 20 faculty were rated unsatisfactory in one or

PROGRAMS COMMITTEE – REPORT ON THE FACULTY TENURE AND POST-TENURE REVIEW PROCESSES (Continued)

two areas, 3 left the university, 3 had work assignment adjustments, 13 entered into a Faculty Development Plan, and 1 entered a Performance Improvement Plan.

Regent Jewett said there appeared to be some difficulty with retention of female faculty. Provost Glick responded that at ASU they actually have a higher success rate for women than for men. They have worked very hard on this issue, trying to determine what the barriers for success are for women; and it has led to some cases of extended periods of evaluation.

Provost Davis stated there is a rigorous evaluation that takes place in tenure and post-tenure reviews. The UA believes they are making progress in retention as they have been working hard to on the issue. The UA is doing better in terms of minority faculty, but not doing as well with tenure track women faculty.

Regent Boice was wondering if the post-tenure review process was sufficiently rigorous as he thought that 0.2% of the faculty getting an unsatisfactory rating seemed extremely low.

Provost Glick stated that he felt one of the issues is the three grades--above satisfactory, satisfactory and below satisfactory. Most of ASU's faculty is satisfactory, but are they being as productive as they can be. ASU is instructing their deans that they need to do a serious evaluation of the faculty members' contributions. The university is trying to determine what they have to do as an institution to make those faculty better contributors and more effective.

Regent Horne joined the meeting at 3:45 p.m.

2006 Annual Report on Academic Programs (Agenda Item #6)

Dr. Milt Glick, Dr. Liz Grobsmith, Dr. George Davis and Ms. Stephanie Jacobson joined the meeting for this discussion. Ms. Jacobson provided a brief overview of the report. She said the Annual Report on Academic Programs provides a high level snapshot of the current list of academic programs at each university. This report provides the analysis of program productivity, but in the context of quality improvement during the very extensive academic program review.

According to Board policy, academic programs must go through an extensive program review every seven years. These reviews are designed to assess the qualities of the programs and to identify areas of needed improvement. These reviews are extensive, expensive and may take up to three years from start to finish. In recent years, the Board has not received information on these reports. Programs which seek external accreditation may adjust their review schedule to coincide with an external review for a more efficient use of their human and fiscal resources.

**PROGRAMS COMMITTEE – 2006 ANNUAL REPORT ON ACADEMIC PROGRAMS
(Continued)**

Regent Jewett asked if quality was included as a part of the extensive review. Provost Grobsmith stated that quality is a primary part of the review and is primary in deciding whether to keep a program or eliminate it, or to make a change in the way it is delivered.

Regent Palacios asked how you tell what is the right number of programs for the university to have. President Crow answered that there is no specific formula.; you look at what others are doing, what the market is asking for, and then try to create a successful school, successful students, and successful programs. Then you watch all of your indicators to make certain that you are moving in the correct direction.

Regent Boice asked if there could be a series of metrics, for example the number of students you thought were going to be in the class, the number of faculty that would be utilized, the square footage of the facility, the cost of equipment, and the source of funding. Anytime that program fell under that metric you would look at the program, but as long as it stayed within the metric, it would be left alone.

**REPORT FROM THE BOARD'S REPRESENTATIVE TO THE JOINT CONFERENCE
COMMITTEE (JCC) OF THE UNIVERSITIES AND COMMUNITY COLLEGES**

Regent Calderón chaired this portion of the meeting.

**Recommendations from the Joint Conference Committee of the Universities and
Community Colleges (JCC) (Agenda Item #8)**

Regent Calderón said that last spring the JCC, began to meet in response to legislative efforts that would have created automatic four year degrees at community colleges. In December 2005, this Board adopted the first four recommendations which the JCC had approved. These recommendations were to increase the number of transfer credits for select programs, increase the number and scope of institutional partnerships, establish joint funding models, and expand Arizona University system campuses and statewide programs. The Arizona Community College Association approved these four recommendations.

Thanks to the efforts of President Haeger and the President of Mesa Community College, Dr. Larry Christiansen, a compromise was reached and recommendations V and VI were voted on and accepted by the JCC in mid-December. Recommendation V establishes a process for expanding a baccalaureate degree program at a community college. It includes a needs assessment that would be conducted jointly by a community college and a university. If need is established, the universities would have the first option to offer the program. If the universities were not interested in offering the program, a community college would have the option to submit a proposal to offer the program.

Recommendation VI establishes the criteria and pre-conditions for a community college to transform from a 2-year institution to a 4-year institution. Recommendation VI defines the issues that would need to be considered in changing an institution's status.

PROGRAMS COMMITTEE – RECOMMENDATIONS FROM THE JOINT CONFERENCE COMMITTEE (Continued)

Regent Calderón said the Board is being asked to endorse recommendations V and VI. These concepts will require development of implementation plans. In some cases, additional funding and legislative support will be needed. These concepts also represent significant compromise by both the community colleges and the university.

President Crow questioned the wordage in the executive summary under Item C., Determining the Non-University Program Provider. The language in the executive summary states if one or more of the universities is unable to respond. President Crow said that he believed the language that had been focused on and was agreed to should have been, "if none of the universities is able." Regent Calderón stated that he believed that would be fine. President Haeger also agreed.

Regent Horne said a presentation in connection with a proposal made by Regent Herstam several years ago said in other states there is a system of both research universities and teaching colleges where professors have more hours teaching and therefore it is a less expensive. Given the growth Arizona has, it might not be economical to accommodate all the projected growth in student enrollment through a research university. When you talk about a need, would that be a need that would be fulfilled by the community colleges? Regent Calderón stated that it would be one of the needs that would have to be analyzed and studied.

President Haeger stated that could be the case. What this compromise assumed is that there will be growth and change and the recommendation provides a systematic process for the universities and the community colleges to respond to higher education needs rather than a process that is political or is made by a local university or community college board, which would begin to redefine the Arizona System of higher education. The hope of JCC and the universities is to admit that we have one of the best community college systems and one of the best university systems and when we make changes to respond to demand they are very systematic, there is data to back them up, and then we move forward as part of a higher education community.

Regent Bulla said that he was in favor of supporting this compromise. One of the first steps after this is that the community colleges and universities have to get together and define how they are going to determine need to perform those evaluations, coupling things together such as need and cost effectiveness. Then the universities are going to have to look at our own procedures and come up with ways to respond quickly and have parameters and guidelines in necessary areas so that we can make quick decisions.

Regent Jewett stated that this is such a extraordinary first step and it is consistent with university redesign. Clearly there is more work to be done. He thanked everyone who came forward to put this together. Regent Boice gave his compliments to Regent Calderón and stated that he would vote in favor of the motion.

PROGRAMS COMMITTEE – RECOMMENDATIONS FROM THE JOINT CONFERENCE COMMITTEE (Continued)

Regent Stuart Sais he thought he had seen that legislation would be required if the Board passed the requested recommendations. Regent Calderón stated that legislation was requested by the Arizona Community College Association. A vote in favor of recommendations V and VI does not say there will automatically be legislation requested. The next steps need to be worked out.

Regent Hermes asked what triggers a needs assessment. Regent Calderón stated that at this time there is not a definition of what triggers a needs assessment, but as a practical matter, he believes it will be triggered by any community college asking to offer a program.

Upon motion by Regent Calderón, seconded by Regent Jewett, the Board unanimously endorsed the JCC Recommendations V and VI.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Dr. Robert Mitchell informed the Board that the Arizona Faculties Council typically holds its meetings at the same time as the Board meeting, the first day they meet over lunch and the second day they meet over breakfast. Board staff is always welcome at our meetings, but at one of our meetings we always also invite the provosts. This is an example of how faculty leadership and the university leadership work together.

Dr. Mitchell then thanked Regent Boice, the Presidential Search Committee, the University of Arizona staff and Board staff. A very professional search was conducted. The Search Committee came up with four viable candidates and they finished a month ahead of time. The faculty is very appreciative of the way shared governance groups were included in the process.

PUBLIC AWARENESS COMMITTEE

Regent Bulla chaired this portion of the meeting. Regent Bulla said the universities now have both the Governor's and the JLBC budget recommendations. He said he was very pleased that Governor Napolitano recommended substantial additional funding for the university system, including funding for enrollment growth, faculty and staff salaries, and specific initiatives. He was especially pleased to see that she is recommending a \$6.9 million increase in AFAT, the Arizona Financial Aid Trust Fund, which, when added to the current \$2.2 million appropriation, means a 2-1 match of the student contribution.

Update on Budget Recommendations and Proposed Legislation (Agenda Item #9)

Gale Tebeau, Michael Hunter, Greg Fahey, Christy Farley, and Scott Smith joined the meeting for this discussion. Ms. Tebeau presented a comparison of the JLBC and governor's budget recommendations.

PUBLIC AWARENESS COMMITTEE – UPDATE ON BUDGET RECOMMENDATIONS AND PROPOSED LEGISLATION (Continued)

President Likins said it needs to be noted that the JLBC recommendation includes an \$8,000,000 reduction due to students who have earned more than 155 credit hours. He said the University of Arizona has done a thorough audit and found that it takes more than 155 credit hours in many areas to complete a degree. Also, many of the students who are fast approaching or are over the 155 credit hours are students who transferred credits in from other institutions, including high schools and community colleges, or are pursuing two baccalaureates. There is something really wrong with the legislative impact of this bill and in the future the maximum number of credits moves down. The universities are working very hard to correct this error.

Regent Bulla said that he believes the legislature is starting to understand the problem, but they are a long way from getting the problem corrected. Regent Hermes said he is very concerned about the state wanting to take away state support of the campus newspapers. Campus newspapers are vital to a great campus life and the campus community.

Mr. Hunter presented the highlights on pending legislation. SB1133 changes statute to establish a 2:1 match of general fund appropriations in relation to the student contribution for the Arizona Financial Aid Trust Fund. This bill changes the distribution so that 25% will be deposited in the endowment and 75% will be made available for immediate need-based financial aid. This proposal which comes from the Arizona Student's Association is also reflected in the Governor's Budget recommendations.

A draft strike everything amendment to HB 2050 by Representative Knaperek is on her agenda for next Tuesday. Mr. Hunter said Representative Knaperek shared this draft and asked for feedback by 4:00 p.m. today. Many of the provisions of this bill resemble last year's higher education reform bill. It includes expanding the authority of the community colleges to offer baccalaureate degrees. Representative Knaperek proposes to establish a new state board for public state colleges that would have the authority to review and approve new state colleges and baccalaureate degree programs. The proposal would allow community college districts to offer degree programs in allied health areas without any approval from the state board or anyone else. Colleges would be able to obtain the authority for 4-year degrees in other disciplines by submitting a proposal to the state board for public state colleges. College districts would be given the authority to enter into lease agreements with the new public state colleges that are approved by this board and it allows the new state colleges to share the facilities owned by the community college district. Governance of a new state college that would be established through this mechanism is unclear. A lot of the governance issues would need to be fleshed out. The bill also establishes a new community college funding formula that generates higher levels of state funding for upper division courses. The legislation also establishes a mechanism for Eastern Arizona College in Grant County to become a 4-year baccalaureate degree granting institution. The district governing board for EAC would have unlimited authority in terms of number and type of degree programs they would offer. It would require universities under the jurisdiction of ABOR to use the same admission criteria to graduate degree programs for students who have been awarded baccalaureate degrees under this mechanism as they do currently.

**PUBLIC AWARENESS COMMITTEE – UPDATE ON PROPOSED LEGISLATION
(Continued)**

Mr. Hunter said he vote by the Board today to endorse the JCC recommendation and the recent vote by the Arizona Community College Association to do the same would suggest that it be communicated to Representative Knaperek that the policy preference of the Regents is through the JCC recommendation, in collaboration with the community colleges.

Regent Bulla stated that he believed the universities and the community colleges need to continue to work together in good faith toward the JCC agreement and therefore oppose the Knaperek bill. He stated that he was sensing a consensus among the Board members and instructed Mr. Hunter to communicate to Representative Knaperek and to the Legislature that the Arizona Board of Regents would not be in support of Representative Knaperek's proposed legislation since the board believes the most appropriate approach in meeting Arizona's higher education needs is to cooperate through the JCC recommendations.

Update on the University of Arizona College of Medicine- Phoenix (Agenda Item #10)

Regent Stuart presented the update and Kathy Bedard joined the meeting for this presentation. Regent Stuart stated that work continues on the Phoenix Program on numerous fronts including faculty recruitment, curriculum development and renovation of the three former Phoenix Union High School buildings.

The Board has now received six requests from the JLBC asking various questions about the US College of Medicine in Phoenix. The newest request deals with how increased medical students without increased residency positions results in additional doctors; how replacing out-of-state educated medical students participating in Arizona residency programs with Arizona educated medical students increases the total number of doctors in Arizona; asking for information regarding formal agreements with area hospitals to financially support clinical activities if the plan proceeds to Level II; and asking for specific proposals to partner with private medical schools to address a potential doctor shortage. Ms. Bedard will work on the draft. The first meeting of the new coordinating council was held on January 30 but Regent Stuart has not received a report at this time.

The meeting is recessed at 5:00 p.m. and reconvened at 9:30 a.m. on Friday, February 3, 2006, without Regent Horne.

RESOURCES COMMITTEE

Regent Boice chaired this portion of the agenda.

RESOURCES COMMITTEE (Continued)**Proposed Revisions to Board Policies 4-104, "Procedure for Setting and Distributing Tuition and Fees," and 4-105, "Procedure for Establishing Special Class Fees and Deposits" (First Reading) (Agenda Item #11)**

President Palacios lead the discussion on this item. Mark Denke, Cathy McGonigle, Stephanie Jacobson, Edie Auslander, M. J. McMahon, Christine Wilkinson joined the meeting for this discussion.

President Palacios reminded the Board that a special study session at the December meeting examined and sought the Board's guidance on a possible policy framework for differential tuition and special program fees, and possible revisions to the current Board policy on special class fees. Those proposed policy revisions were presented for first reading.

The policy presented lays out some much-needed criteria for the Presidents to use in justifying any requests for differential tuition and special program fees. Establishment of these criteria should be particularly helpful to the Board as it considers whether differential tuition or special program fees should be approved for undergraduates. However, the policy does not include any specific limitations with respect to professional programs and/or upper division students allowing the Board to be able to assess on a case-by-case basis whether it makes sense to limit a request for differential tuition (or special program fees) to upper division students or whether it makes sense to approve undergraduate differential tuition for other than a professional program.

Dr. Denke stated that the Board is being asked to review and discuss the proposed amendments to Policies 4-104 and 4-105 relating to the establishment of definitions, criteria, and requirements for base tuition, and special program fees. Base tuition is the amount of tuition set for the ASU-Tempe, NAU-Flagstaff, and UA-Tucson campuses.

The Board's decision to establish base tuition and fees shall be based on existing ABOR Policy 4-104, Procedure for Setting and Distributing Tuition and Fees. Resident base tuition and any adjustment to resident base tuition shall be made subject to the limitation that total mandatory undergraduate resident student tuition and fees shall not exceed the amount required to maintain a position at the top of the lower one-third of rates for undergraduate resident tuition and mandatory fees at the other senior public universities.

Differential tuition is tuition that deviates from the base and applies to an entire college/school or campus. Differential tuition may be higher or lower than the base and may be established at the graduate or undergraduate level. Differential tuition does not apply to schools within schools or colleges. Dr. Denke explained the rationale and criteria for differential tuition

Special program fees are additional amounts charged to students in select undergraduate and graduate professional degree programs within colleges/schools or departments, including honors colleges, that have demonstrated higher costs of delivery overall because of special equipment, technological, and/or key personnel expenses. Dr. Denke explained the rationale and criteria for special program fees.

**RESOURCES COMMITTEE - REVISIONS TO BOARD POLICIES 4-104, "PROCEDURE FOR SETTING AND DISTRIBUTING TUITION AND FEES," AND 4-105, "PROCEDURE FOR ESTABLISHING SPECIAL CLASS FEES AND DEPOSITS" (FIRST READING)
(Continued)**

Regent Stuart asked the justification for some students paying more than the top of the bottom 1/3 and some students paying less. Ms. McGonigle said that it is not intended there be a special program fee on top of differential tuition. Differential tuition would be for an entire college. But, it is true that differential tuition could make tuition exceed the top of the bottom 1/3.

Regent Graff asked if there is a need for a Board policy for individual universities to be able to define the top of the bottom 1/3 within peer colleges and programs as opposed to peer institutions. He believes the over arching concern is financial aid and affordability.

Regent Bulla stated that he believed the Board needed to address the matter of special class fees and program fees and the top of the bottom 1/3. He would like to see the policy be very specific about how tuition, special class fees, special program fees and the top of the bottom 1/3 are related and how it is related to universities or disciplines. He also stated that he was concerned about the statement concerning a university should review the number of special class fees being charged by a college/school to determine if the special class fees should be replaced with a program fee. Ms. McGonigle stated that the criteria for special class fees remained the same; the addition of the language regarding turning a class fee into a program fee is just a provision that would allow the universities to review special class fees and the criteria for those fees, to determine if they should be program fees or special class fees.

Regent Bulla also stated he would like to see something similar to what NAU did with the break even analysis that has the actual costs associated with the classes. This would help the Board justify any decisions regarding differential tuition, special class fees, and program fees.

Ms. Jacobson stated that the Work Group seems to be satisfied with the structure used to define class fees and is working on a template. They are using the NAU format as a model.

Regent Hermes stated that he agreed with Regent Bulla's concerns. He is concerned this would make students feel the need to pick a major based on what it cost and what they could afford. He asked if program fees and differential tuition would be eligible for financial aid. Students would need to know the financial implications of choosing a specific major.

Ms. McGonigle stated that program fees and differential tuition are being held to the 14% or 15% set-aside. The policy requires that each time a fee is requested, the university must submit a financial aid plan along with their justification for the fee.

Regent Stuart said he understood base tuition will be the only tuition where the end number is to be in the top of the lower 1/3 of the senior public universities in the other 49 states. The definition of program fees states they are not included in base tuition; so the intent is to make it clear to everyone that program fees do not fall into the top of the lower 1/3 category.

**RESOURCES COMMITTEE - REVISIONS TO BOARD POLICIES 4-104, "PROCEDURE FOR SETTING AND DISTRIBUTING TUITION AND FEES," AND 4-105, "PROCEDURE FOR ESTABLISHING SPECIAL CLASS FEES AND DEPOSITS" (FIRST READING)
(Continued)**

Ms. McGonigle stated that was correct. The Work Group believes that when the universities submit their justifications, they would provide information about that to demonstrate that the fees are justified. Also, remember that we already have the ability to have program fees; this is just trying to bring some structure to the process for instituting those fees.

Regent Boice said he wants to be certain that these terms are explicitly stated and explicitly defined in the policy. He would like to be able to tell when you can and when you can't go over top of the bottom 1/3. He said wanting to be in the top 10 and keeping tuition in the bottom third may not be compatible. He would like to see, at the beginning of the policy, specific definitions of base tuition, differential tuition, special class fees, and program fees with the criteria that applies.

Ms. Jacobson stated there is language that states there should be information provided about where a requested program fee or differential tuition fits with peer institutions. So, when the universities bring a proposal regarding program fees or differential tuition, they need to address the relative cost to other institutions that have comparable programs.

Regent Graff stated that students understand the top of bottom 1/3 concept. If the Board shifts its current definition of the top of the bottom 1/3, there needs to be a good definition that will allow the students to understand exactly what is being considered.

Regent Jewett said that he wanted to remind the Regents cannot lose focus on the importance of financial aid. It must be explicitly stated that financial aid support will be provided. Regent Palacios stated the policy amendments will be back for second reading at the March Board meeting and will be voted on this prior to setting tuition at that meeting.

Mid-Year Update of the FY 2006 All Funds Operating Budget (Agenda Item 12)

Gale Tebeau joined the meeting for this discussion. Regent Boice stated that the Board was asked to approve the Mid-year Update of the FY 2006 All Funds Operating Budget for the universities and the Central Office. This update reports changes since the Board approved the Initial All Funds Budget in August. Actual FY 2005 carry forward balances, with corresponding expenditures, are now reflected in this update. In addition, the universities report changes, if any, to their accounts that are projected to have a negative fund balance of \$100,000 or more.

Ms. Tebeau gave an overview of the All Funds Operating Budget. Regent Boice said he would like to know more about the stadium management line. President Crow said hosting the Arizona Cardinals resulted in a deficit of some \$4 million. In the past, stadium management was under the Intercollegiate Athletics Department, but it is now going to be under general university management and ways to use the stadium to generate additional funds will be sought. The ASU goal is to erase the \$4 million deficit.

RESOURCES COMMITTEE – MID-YEAR UPDATE OF THE ALL FUNDS OPERATING BUDGET (Continued)

Regent Boice said that the Board had recently approved \$8-10 million for the refurbishment of Sun Devil Stadium knowing that additional funds will be needed for the upgrading of the stadium. He asked if those debts would come under the obligation of stadium management. President Crow answered that all financial aspects relative to the management of the stadium, including costs associated with the refurbishment and stadium upgrades (for which there are no plans or funds at this time), will be encompassed by stadium management.

Upon motion by Regent Boice, seconded by Regent Jewett, the Board approved the Mid-year Update of the FY 2006 All Funds Operating Budget as presented.

Head Women's Basketball Coach Multiple-Year Employment Contract (ASU) (Agenda Item #16)

President Crow stated that ASU is presenting for approval a revised contract for the Head Women's Basketball Coach with slight adjustments in salary and a couple of other places. Upon motion by Regent Boice, seconded by Regent Jewett, the Board authorized Arizona State University to enter into a multiple-year employment contract with Charlie Turner Thorne, extending her contract through April 15, 2011. Her salary will be \$275,000.

INFORMATION TECHNOLOGY/ARIZONA UNIVERSITIES NETWORK (IT/AZUN) COMMITTEE

Regent Bulla chaired this portion of the meeting. Art Ashton joined the meeting for this discussion

Report from the Chair of the IT/AZUN Committee (Agenda Item #21)

Regent Bulla reported that the committee met Thursday, February 2, 2006, and reviewed AZUN which is the website and portal for all three university electronic courses. There are approximately 1000 courses and more than 50 degrees that can be earned on the site, and those numbers are increasing daily. The Committee asked all the universities to go back and review their inventory of courses to make certain they are all on AZUN.

The marketing activity was reviewed and it is proceeding on schedule. Academic programs on education, nursing, police and fire sciences and other disciplines are being implemented. A consultant has been retained and is meeting with each of the universities to develop on-line linkages between the AZUN web site and the university information systems to make it easy for students to register and pay for courses and to facilitate how students are able to use the web site.

The information technology portion of the meeting included a review of the system's architectural activities. A number of the core activities program software was reviewed and more systems need to be reviewed.

IT/AZUN COMMITTEE (Continued)

The university's CIO's reported on their progress on centralizing IT functions and why some are not able to centralize. Tremendous progress has been made over the last two years, both from a cost effective standpoint and a security standpoint, in centralizing a number of systems on the campus. The committee is eager to look at more functions and hopefully to accomplish more centralization. Finally, the committee heard from the UA on its plan to move forward on the student information and bursar system.

Storage Area Network Environment for The Biodesign Institute (ASU) (Agenda Item #22)

Upon motion by Regent Stuart, seconded by Regent Calderón, the Board approved ASU's request to purchase a Storage Area Network to ensure adequate data storage and management at the Biodesign Institute at a total anticipated cost of \$640,000.

Student Information System (SIS) and HR/Payroll Replacement Project (ASU) (Agenda Item #23)

Regent Stuart said that one of the concerns resolved by the IT Committee was a concern about the possible burden on tuition money. Regent Boice said questioned whether matters of a certain dollar value go through the Capital Committee.

Regent Hermes stated that he has concerns about the \$23 million expense and wanted to make certain that in future years the Board wouldn't say tuition should increase because of a previous action. President Crow said this item does not affect tuition increases. He explained how revenue expectations are formed.

Upon motion by Regent Bulla, seconded by Regent Stuart, the Board approved the implementation of the NAU PeopleSoft-based Student Administration and HR Systems at ASU at an anticipated cost of \$23 million.

STRATEGIC PLANNING COMMITTEE

Regent Calderón chaired this portion of the meeting. Art Ashton joined the meeting for this discussion.

Mid-Year Status Report on Board's FY 2006 Action Plan (Agenda Item #24)

Upon motion by Regent Calderón, seconded by Regent Boice, the Board accepted the Mid-Year Status Report on the Board's Action Plan for FY 2006.

CAPITAL COMMITTEE

Regent Boice chaired this portion of the meeting. Ted Gates, Joel Valdez and Rich Stanley joined the meeting for this discussion

CAPITAL COMMITTEE (Continued)

Regent Boice said the Capital Committee met on January 12, 2006, to consider all of the Capital Committee items that appeared on the Board's agenda. At that meeting, the Committee also reviewed and approved The University of Arizona's Request for Project Approval of the Old Main Renovations Project.

FY 2006 Capital Development Plan Revisions (Agenda Item #25)

Regent Boice said that Arizona State University was requesting approval of the university's FY 2006 Capital Development Plan Revisions.

Mr. Stanley presented an overview of ASU's FY 2006 Capital Development Plan Revisions. Upon motion by Regent Boice, seconded by Regent Bulla, the Board approved Arizona State University's FY 2006 Capital Development Plan Revisions and authorized Arizona State University to proceed with planning for the Department of Public Safety Facility; the Interdisciplinary Sciences and Technology Building IV; the Construction Engineering Building; the Polytechnic Science and Technology Building; the Polytechnic Classroom Office Building I; the Polytechnic Classroom Office Building II; and the Polytechnic Combined Heat and Power Facility.

Regent Boice stated that the University of Arizona was requesting approval of the university's FY 2006 Capital Development Plan Revisions. Mr. Valdez presented an overview of the UA's FY 2006 Capital Development Plan Revisions. Regent Calderón stated that he would like to receive more information regarding the Law Commons project.

Upon motion by Regent Boice, seconded by Regent Bulla, the Board approved the University of Arizona's FY 2006 Capital Development Plan Revisions and authorized the University of Arizona to proceed with the Student Recreation Expansion and the ICA Facilities projects, including the exclusion of the Law Commons project from the FY 2006 Capital Development Plan Amendment and authorized the University of Arizona to proceed with the Law Commons project design using only gift funds not to exceed \$750,000.

Authorization to Enter into a Lease with JVCO SUB1, LLC for Property Located at the ASU/Scottsdale Center for Innovation and Technology (ASU) (Agenda Item #26)

Mr. Stanley presented an overview of this request. Regent Mariucci asked what the unique nature of the operating expenses were that would give rise to an amount equal to almost \$8.00 per square foot. Mr. Stanley stated that he didn't think there was anything unique about the space. Rent of \$25.00 per square feet is close to the standard for Class A office space in Scottsdale and the rent total would be \$25.00.

Upon motion by Regent Boice, seconded by Regent Graff, the Board authorized the President, Senior Vice President, University Planner, Executive Vice President and Chief Finance Officer, or Associate Vice President for University Business Services of Arizona State University to take all appropriate actions to finalize negotiations, to sign and deliver all documents and agreements associated with and to complete the lease of 80,000 square feet of space at the Scottsdale Center for Innovation and Technology for a lease term of 15 years

CAPITAL COMMITTEE – LEASE WITH JVCO SUB1, LLC (Continued)

commencing approximately June 1, 2006, with base rent beginning at \$17.25 per square foot per year plus \$7.75 operating expense allowance (or substantially equivalent) and a 3% per year increase of the base rent.

Permission to Sell Approximately 9.5 Acres of Real Property in the Rio Salado Redevelopment District in Tempe, Arizona (ASU) (Agenda Item #27)

Rich Stanley presented an overview of this request. Regent Hermes asked how many parking spots will be eliminated by the sale of this property and where the people who normally park there will be moved. Mr. Stanley stated that ASU will lose 350 parking spaces. The parking garage by the Wells Fargo Arena has been expanded. In the long run, there will be fewer parking spaces on campus generally as the university is encouraging alternative forms of transportation. There will be outside parking and shuttle buses available.

Regent Boice stated that his understanding of the instructions of the Capital Committee were that, upon approval of this item, the property goes forward for sale, but before it is advertised, the specifications of the sale will be distributed to the Capital Committee members for their comments.

Upon motion by Regent Boice, seconded by Regent Graff, the Board authorized the President, Senior Vice President, University Planner, Executive Vice President and Chief Finance Officer, or Associate Vice President for University Business Services of Arizona State University to take all appropriate actions to sell the 9.5 acres of property located on the north side of the Rio Salado Redevelopment District and approved by the Capital Committee in whole or in part and to deliver all documents and agreements associated with the auction sale or sales of the Rio Salado Property and further that the requirement in ABOR Policy 7-204.A to include the legal description of the property be waived.

REPORT FROM THE CHAIR OF THE UNIVERSITY OF ARIZONA PRESIDENTIAL SEARCH COMMITTEE

Regent Palacios stated that she wanted to take this opportunity to thank Regent Boice, on behalf of all the Regents, for the magnificent job he did as the Chair of the University of Arizona Search Committee. She said that no one, unless they had done this, could imagine how many hours Regent Boice donated to this Committee; and the successful conclusion speaks to how well he performed his duties.

Regent Boice stated that he is extremely happy with the quality of the people who were in the pool and who ended up as finalists. What made this search successful, in his view, is what President Likins and his staff have done at the University of Arizona to make people want to come here. Regent Boice thanked everyone at the university and the Central Office that was involved with this very complicated process for making it work perfectly.

INQUIRIES, REQUESTS, REPORTS AND COMMENTS FROM REGENTS AND MEMBERS OF THE COUNCIL OF PRESIDENTS

President Palacios announced that Judy Garza had announced her retirement. Judy has been the Board Secretary since 1987. President Palacios stated that Judy's presence and expertise would be very sorely missed by everyone on the Board and at the universities and her contributions to the Board processes could never and would never be overlooked.

Each of the university presidents and Board members expressed how much Judy had assisted them over the years and how much she would be missed. President Crow and his staff were thanked for their work to support the Board meeting and the social event. Executive Director Sideman introduced Peggy Martin who will be the new Secretary to the Board.

ADJOURNMENT

The meeting adjourned at 11:50 a.m.

SUBMITTED BY:

Judy E. Garza, Secretary to the Board

APPROVED BY

Christina Palacios, President

ATTEST:

Ernest Calderón, Assistant Secretary