

MINUTES OF A MEETING



June 22, 2006

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MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
June 22, 2006

A meeting of the Arizona Board of Regents was held June 22, 2006, in the Northern Arizona University, University Union. President Palacios called the meeting to order at 10:30 a.m. on Thursday, June 22, 2006

Present: Regent Fred Boice
 Regent Robert Bulla
 Regent Ernest Calderón
 Regent Dennis DeConcini
 Regent Benjamin Graff
 Regent Edward Hermes
 Regent Jack Jewett
 Regent Anne Mariucci
 Regent Christina Palacios
 Regent Gary Stuart

Absent: Superintendent Tom Horne
 Governor Janet Napolitano

Also present were: President John Haeger, Dr. M. J. McMahon, Dr. Elizabeth Grobsmith, Mr. Rich Bowen, Mr. Mark Neumayr, Ms. Christy Farley, Mr. Dave Harris, and Dr. Kathe Shinham, Northern Arizona University; President Peter Likins, Dr. George Davis, Ms. Judith Leonard, Ms. Edith Auslander, Ms. Carla Nunn, University of Arizona; President Michael Crow, Dr. Milt Glick, Mr. Paul Ward, Dr. Christine Wilkinson, Arizona State University; Executive Director Joel Sideman, Board Counsel Nancy Tribbensee, Secretary to the Board Peggy Martin, Mr. Michael Hunter, Ms. Cathy McGonigle, Ms. Stephanie Jacobson, Mr. Ted Gates, Ms. Kathy Bedard, Central Office; and Ms. Marsha Yowell, Arizona Faculties Council.

All lists, reports, summaries, background materials, and other documents referred to in these minutes can be found in the June 22, 2006, Documents File.

Regent Boice led the Pledge of Allegiance.

Regent Palacios welcomed the new Student Regent from Northern Arizona University, Mary Venezia, who was observing today. Mary will be joining the Board as the non-voting Student Regent effective July 1.

Regent Palacios then welcomed Marsha Yowell, a faculty member at NAU, who was sitting in for Robert Mitchell, the Arizona Faculties Council representative.

Regent Palacios introduced the NAU featured student, Sheryl Martinez. Sheryl is a junior in nursing at NAU. She is also pursuing a minor in chemistry and a minor in criminal justice. Sheryl works with NAU biochemist, Diane Stearns, on how uranium can damage DNA as a heavy metal, independent of its radioactive properties. Sheryl is a native of Shiprock, New Mexico, and has a personal interest in the research being carried out because people from her family and community live near uranium mine tailings on the Navajo Nation. Sheryl's academic achievements are many. She was recognized by the president of Dine' College for her work on the school's college council and she received the Navajo Nation Scholarship and American Indian Service Scholarship. She also has been invited to join Sigma Alpha Lambda, which is a national leadership and honors organization. Upon graduation, Sheryl plans to return to the Navajo Nation, to, in her words, "pass on the knowledge of what I learned."

Sheryl stated that she lived on the Navajo Reservation most of her life. When she got the chance to work with Dr. Stearns at NAU, through the "Bridges to Baccalaureate" program, it gave her the opportunity to learn about uranium and its effects on people. This subject is of great importance to the Navajo Nation in particular because of the quantity of uranium found on the Navajo Reservation.

CALL TO THE AUDIENCE

PAULA TRAVIS: Past President of the Classified Staff Advisory Council at NAU. On behalf of the Tri-University Classified Staff Executive Board, Ms. Travis expressed her appreciation for the Regents' work and dedication to the university system.

DEVON MAUNEY: The new government relations director for undergraduate student government at ASU - Tempe and a board member for the Arizona Students Association. He wanted to relate the concern of students regarding the policy concerning differential tuition. The students would like to have some sort of cap on the weighted average of tuition by university if implemented. The recommendation of the Arizona Students Association would be to amend page 12, Section E and page 15, Section C of Item 4 to state "that the weighted average is not only reviewed but contained by the top of the bottom 1/3 of weighted average tuitions at senior public universities."

ERIN HERZOG: The Student Body President at the University of Arizona. She introduced the board of directors for next year. She also addressed the policy concerning differential tuition. She stated that she had the same concern regarding the change from the top of the bottom 1/3. The top of the bottom 1/3 methodology helps the students to be able to predict the coming tuition. The student's concern is that differential tuition could eventually price students out of certain majors. She would like to see a cap on differential tuition like what was proposed by ASA.

CONSENT AGENDA

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

***Minutes**

The March 9 and 10, 2006, Executive Session minutes and the April 27 and 28, 2006, Regular Meeting minutes, were approved

RESOURCES COMMITTEE CONSENT

***Approval of Multiple-Year Employment Contract for Gregory W. Allen, Head Women's Golf Coach (UA) (Agenda Item #11)**

The Board approved a multiple-year employment contract for Gregory W. Allen to serve as UA Head Women's Golf Coach for the period July 1, 2006, through June 30, 2009, at a base salary of \$76,908 per year.

***Approval of Multiple-Year Employment Contract for Frederick L. Harvey, Head Men's and Women's Track and Field and Cross-Country Coach (UA) (Agenda Item #12)**

The Board approved a multiple-year employment contract for Frederick L. Harvey to serve as UA Head Men's and Women's Track and Field and Cross-Country Coach for the period July 1, 2006, through June 30, 2009, at a base salary of \$81,000 per year.

***Approval of Multiple-Year Employment Contract for Charles R. LaRose, Head Men's Golf Coach (UA) (Agenda Item #13)**

The Board approved a multiple-year employment contract for Charles R. LaRose to serve as UA Head Men's Golf Coach for the period July 1, 2006, through June 30, 2009, at a base salary of \$80,000 per year.

***Approval of Multiple-Year Employment Contract for Vicky F. Y. Maes, Head Women's Tennis Coach (UA) (Agenda Item #14)**

The Board approved a multiple-year employment contract for Vicky F. Y. Maes to serve as UA Head Women's Tennis Coach for the period July 1, 2006, through June 30, 2009, at a base salary of \$59,000 per year.

***Approval of Multiple-Year Employment Contract for William R. Ryden, Head Gymnastics Coach (UA) (Agenda Item #15)**

The Board approved a multiple-year employment contract for William R. Ryden to serve as UA Head Gymnastics Coach for the period July 1, 2006, through June 30, 2009, at a base salary of \$75,000 per year.

***Approval of Multiple-Year Employment Contract for Brendan D. Tobias, Head Soccer Coach (UA) (Agenda Item #16)**

The Board approved a multiple-year employment contract for Brendan D. Tobias to serve as UA Head Soccer Coach for the period July 1, 2006, through June 30, 2009, at a base salary of \$86,000 per year.

***Approval of Department of Defense, Air Force Office of Scientific Review #FA9550-06-1-0309 Award (ASU) (Agenda Item #17)**

The Board approved the award to ASU: Award from the Department of Defense, Air Force Office of Scientific Review #FA9550-06-1-0309. The obligated amount of this award is \$560,000 award and the anticipated amount of this award is \$6,000,000.

***Appointment of Arizona Area Health Education Centers (AHEC) System Director (Agenda Item #18)**

Pursuant to A.R.S. §15-1643, the Board approved the appointment of Sally J. Reel to the position of Arizona AHEC System Director.

***Appointments of New Arizona Area Health Education Centers Program (Arizona AHEC) Advisory Commission and Regional Area Health Education Centers (AHEC) Governing Board Members (Agenda Item #19)**

The Board approved appointments of Arizona Area Health Education Centers Program (Arizona AHEC) advisory commission members and the Eastern Arizona AHEC (EAHEC), Northern Arizona AHEC (NAHEC), Southeastern Arizona AHEC (SEAHEC), and Western Arizona AHEC (WAHEC) governing board members as shown in the executive summary.

***Approval of Arizona Area Health Education Centers (Arizona AHEC) FY 2007 Program Budget (Agenda Item #20)**

The Board approved the FY 2007 budget for the Arizona Area Health Education Centers (Arizona AHEC) Program as shown in the executive summary.

***Approval of License Agreement between Arizona Science and Technology Enterprises, LLC (AzTE) and USuggest Corporation (Agenda Item #21)**

The Board approved ASU's request to transfer technology to USuggest Corporation pursuant to a License Agreement between AzTE, ASU's intellectual property management company, and USuggest Corporation.

***Approval of License Agreement between Arizona Science and Technology Enterprises, LLC (AzTE) and QD Storage, Inc. (Agenda Item #22)**

The Board approved ASU's request to transfer technology to QD Storage, Inc., pursuant to a License Agreement between AzTE, ASU's intellectual property management company, and QD Storage, Inc.

***Disclosure of Substantial Interest of University Employees Ronald S. Weinstein, Gail Barker, Sandra Beinar, Ana Maria Lopez, Steven Barker, Joseph S. Alpert and Kenneth J. Ryan in UltraClinics, Inc. (UA) (Agenda Item #23)**

The Board approved the University of Arizona's request for university employees Ronald S. Weinstein M.D., Professor and Head; Gail Barker, Ph.D., Assistant Professor; Sandra Beinar, Associate Director, Arizona Telemedicine Program/ Department of Pathology; Ana Maria Lopez, M.D., M.P.H., Associate Professor, Departments of Medicine and Pathology; Steven Barker, Ph.D., M.D., Professor and Head, Department of Anesthesiology; Joseph S. Alpert, M.D., Professor and Head, Department of Medicine; and Kenneth J. Ryan, M.D., Dean, Academic Affairs, College of Medicine and Professor, Department of Pathology, to establish and maintain a substantial equity interest in UltraClinics, Inc., while remaining university employees.

***Disclosure of Substantial Interest of University Employees John Umbreit, Jolenea Ferro, and Carl Liaupsin in Behavior Support Specialist Certificate Program (UA) (Agenda Item #24)**

The Board approved the University of Arizona's request for university employees John Umbreit, Ph.D., Professor; Jolenea Ferro, Ph.D., Adjunct Assistant Professor; and Carl Liaupsin, Ed.D., Assistant Professor; Department of Special Education, Rehabilitation and School Psychology, to establish and maintain a substantial equity interest in Behavior Support Specialist Certificate Program, while remaining university employees.

PROGRAMS COMMITTEE CONSENT

***Proposed Revision of Board Policy 2-301, "Organizational Changes" (Second Reading) (Agenda Item #28)**

The Board approved a revision to ABOR Policy 2-301, "Organizational Changes," that relates to the submission of catalogs (Section E), the committee structure (Sections B and F), and the modification of the process for the establishment, renaming, reorganization, or disestablishment of centers, institutes, laboratories, or bureaus (Sections A.3, B.2, G, and H).

***Proposed Revision of Board Policy 6-201, "Conditions of Faculty Service," (Second Reading) (Agenda Item #29)**

The Board approved a revision to ABOR Policy 6-201, "Conditions of Faculty Service," that would add a third level of the non-tenure accruing "lecturer" classification, Principal Lecturer.

PUBLIC AWARENESS COMMITTEE CONSENT

*Proposed Revisions to Board Policy Chapter III, Section H. – University Procurement Code (Second Reading) (Agenda Item #34)

The Board approved revisions to Board policy to conform the University Procurement Code (3-801, 3-802, 3-803 and 3-804) to the State Procurement Code.

REPORT FROM THE PRESIDENT OF NORTHERN ARIZONA UNIVERSITY

President Haeger stated that NAU is looking at a substantial expansion of NAU's role in allied health programs. The reasons for moving in this direction at this time are that there is a substantial state need, and it would move NAU forward, building on existing strengths such as nursing programs, physical therapy, speech pathology and the basic sciences in which NAU has a strong presence. Programs in the allied health fields are expensive programs and it will be difficult to provide these programs without state assistance. Also, this will be a way for NAU to offer these programs, not just on the Flagstaff campus, but in various communities across Arizona and make NAU a partner in the effort to build the medical complex in Phoenix.

President Haeger then introduced Dr. Stephen Collier, the NAU consultant. Dr. Collier is Professor and the Director of the Office of Health Professions Education and Workforce Development at the University of Alabama in Birmingham. He is also Associate Director for Health Programs at the Southern Regional Education Board.

Dr. Collier stated that most states in the U.S. are experiencing some significant shortages of health professionals. That includes physicians, nurses and the allied health professionals. Arizona is no exception. Current shortages and those projected for the future show Arizona to have a more severe shortage than most other states. Because the physician workforce determines much of what happens in the overall health care system and also because nursing is the largest single health profession, often many other health professional groups are overlooked. Many of those professions come under a type of umbrella category that we term allied health. Allied health includes fields such as physical therapy, occupational therapy, medical technologies, speech pathology, physician's assistants and others. The allied health groups are sometimes overlooked because this grouping contains so many different disciplines and a variety of post-secondary education levels from relatively short term, technical, up to and through associate, baccalaureate, masters and doctoral levels.

Dr. Collier said his review regarding these occupations focused on bachelors and graduate levels because those would affect NAU. Arizona Health Workforce Projections for 2003-2013 shows a predicted need by 2013 for 78.5% more Physician Assistants, 72% more Medical

and Health Information Technicians, 65.4% more Radiation Therapists, 55.3% more Physical Therapists, 54.5% more Occupational Therapists and 48.8% more Medical and Clinical Lab Technologists, just to name a few.

Dr. Collier stated that most of the graduates of the various programs are coming from private, for-profit institutions in which the cost is very high. The high cost restricts access to many students. Many of the students in these programs are from out-of-state and have no ties to Arizona so once they graduate they are more likely to leave Arizona. Innovation and partnerships with hospitals and medical facilities are needed to mount these programs, as well as resources because there is a high cost associated with these programs.

President Haeger said there is a public policy agenda here. There is a tremendous need for employees in the allied health care fields. Last year, in the programs that the university is already providing, 500 qualified students were turned down simply because of the university's inability to expand these programs. The Board and Northern Arizona University need to convince the legislature to assist with funding these programs. The university is pressing hard on this issue because the FY08 budget request needs to be ready by late July 2006 and this needs to be included. Also, the health professions building, which is next in line to be built will need to be reconfigured regarding size and scope if these programs can be expanded.

Peter Likins said that it would be good for the system if NAU could educate increased numbers of allied health professionals because as a system the universities are not meeting the needs of the state. If NAU can work with hospitals to help secure state funding and assist with laboratory space it will help.

Regent Jewett said there are alarming gaps in the allied health area. When the university talks about capacity constraints and the turning away of qualified students it really does cry out for the relationship between the state as a funding source, and the institutions and hospitals to do much better. In addition to resources, if we really examine how these practices will be going forward, the delivery of care is going through changes, and nurses that we have educated in the past are not the nurses we need to educate in the future because hospitals will be delivering care differently. Technology is going to be leveraged. Hospitals have to become more efficient. The way we produce health professionals will have to reflect what is going on in the delivery of care. We need to do a better job of providing an education for willing students.

Regent Bulla said that he can assure the Board that this is very real and the numbers are probably worse than stated here. One of the questions the Board needs to deal with is how do we meet the state's greatest needs.

President Crow stated that it cost ASU \$22,000 a year to education one nurse and the university received less than 1/2 of that money from all sources together, including tuition. Everyone needs to think very carefully about how the industry will be approached in this arena to see if they will be willing to help the universities move forward.

Regent DeConcini stated that the argument is overwhelming and he would like to see President Haeger and NAU proceed with whatever due diligence they need to do to get this started.

President Haeger stated that it is his intent in the FY08 budget, which is due in about one month, that this will be a major part of the university's submission.

Regent Palacios agrees that it is a very powerful message to hear that one university has had to turn away so many qualified students in disciplines that are so sorely needed by our state.

RESOURCES COMMITTEE

Regent Boice chaired this portion of the meeting.

FY 2007 State Expenditure Authority (Agenda Item #1)

Gale Tebeau joined the meeting for this presentation

Regent Boice stated that originally it was planned that we review and approve the FY 2007 State Expenditure Authority for the universities and the central office. However, the Legislature has just recently approved the FY 2007 State Operating Budget, and the Governor just signed the budget on June 21, 2006. Because both the universities and the central office need time to prepare this item, this item will be deferred until the August meeting.

Development of FY 2008 State Operating Budget Requests (Agenda Item #2)

Gale Tebeau joined the meeting for this presentation.

Regent Boice stated that the Board is asked to discuss development of FY 2008 State Operating Budget Requests for the universities and the central office.

Gale Tebeau stated that at the August Board meeting, the Board will be asked to review the preliminary FY 2008 operating budget requests. The final Board review and approval will be scheduled for the September 2006 Board meeting. The Governor's fiscal 2008 budget guidelines are now available. The guidelines are similar to previous years, except the concept of critical issues will be eliminated. The guidelines now state that if you do have critical issues that they be submitted as decision packages. The proposed elements of the FY2008 state operating budget requests are similar to what the universities requested in the past including a continuation budget component and a decision package component. The major parts of the continuation budget are the enrollment growth formula, performance funding, academic and program support for the developing campuses, and new facility support, and at the central office there are the student financial assistance programs, including WICHE and AFAT.

Approval of FY 2007 Technology and Research Initiative Fund (TRIF) Regents Innovation Fund Budget (Agenda Item #3)

Kathy Bedard joined the meeting for this presentation.

Regent Boice stated that the Board is asked to review and approve the proposed FY 2007 TRIF Regents Innovation Fund Budget.

Kathy Bedard stated that this will be the sixth year of the \$1 million fund used to address systemwide emerging needs and opportunities. The proposed FY 2007 budget of \$1,050,000 includes an estimated \$50,000 carry forward from FY 2006 and will support four programs.

The Central Office recommends \$500,000 in support of the Learner-Centered Education program, \$100,000 for continued development of the University of Arizona College of Medicine-Phoenix Program, \$180,000 for Information Technology Grants and \$200,000 for the Governor's Arizona Water Institute.

Regent Palacios asked if any of the amounts had changed significantly. Kathy Bedard responded no.

Upon motion by Regent Boice, seconded by Regent Jewett, the Board unanimously approved the FY 2007 TRIF Regents Innovation Fund Budget in the amount of \$1,050,000.

Proposed Addition of Board Policy 4-100, "Definitions Used in Setting Tuition and Fees," and proposed revisions of 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 #4)

Cathy McGonigle, Jerry Hogle and Stephanie Jacobson joined the meeting for this presentation.

Regent Boice stated that the Board is asked to review the proposed addition of Board Policy 4-100 and the proposed revisions to Board Policies 4-104 and 4-105 relating to differential tuition, special programs fees, and special class fees.

Regent Boice further stated that at the March Board meeting, the Board had a lengthy discussion on the proposed revisions to those policies. Based on that discussion, it was clear that there was not a consensus on how differential tuition and special program fees should be addressed. Consequently, the item was tabled without taking formal action. Since that time, staff has worked diligently to address the issues raised by Regents. Regent Boice said he believed staff had done a great job of dealing with a difficult and complicated issue, and of incorporating additional changes into the proposed policy language. President Palacios also is to be complimented for the guidance and oversight she provided on this matter.

Due to the nature of the changes, these policy revisions are being presented to the Board again for first reading. Regent Boice stated that he hoped that the Board can achieve

consensus on the appropriate policy language so that the policy revisions can be brought back for second reading at the August meeting. Regent Boice further stated that he believed that the proposed policy language accomplished what needs to be accomplished. Specifically, it maintains the top of the lower one-third as the guiding principle for setting resident undergraduate tuition, but also provides for exceptions predicated upon the university justifying the request based on specific criteria. The language also provides for reasonable limitations on the usage of differential tuition and special program fees.

Cathy McGonigle stated that the substantive changes were:

- Higher differential tuition may, in limited situations, exceed the top of the lower 1/3, predicated upon meeting certain criteria;
- Higher differential tuition may be approved only for professional colleges/schools with markedly higher than average university expenses;
- Higher differential tuition may be charged to upper division students only, beginning in a student's junior year;
- Special program fees may, in limited situations, exceed the top of the lower 1/3, predicated upon meeting specified criteria;
- Special program fees are charged only to upper division students, beginning in a student's junior year; and
- The Board must consider how the weighted average of all proposed tuition, mandatory fees, differential tuition and special program fees for the ensuring year for all resident undergraduates corresponds to the top of the lower 1/3 of resident undergraduate base tuition and mandatory fees of senior public universities.

Regent Jewett stated that what this policy does is preserve the guiding principle of not exceeding the top of the bottom 1/3. He is much more comfortable with this approach. He believes that this bends the principle but doesn't break it. There are criteria that must be met to exceed the top of the bottom 1/3. It is straight forward. Regent Jewett also stated that he was interested in having some additional conversations regarding the impact the weighted average would have and the students' recommendation that the weighted average be capped.

Regent Stuart stated that he is happy about the definitional efforts that were made on this policy. He suggested that as we go forward we develop a table that could be expanded which lists all the criteria for differential tuition and special program fees. These criteria should be used consistently throughout the system for all differential tuition analysis and the Board should require the particular college or unit seeking a differential tuition to respond in detail to each of the criteria listed. Once we do that we will have a uniform measuring device. Regent Stuart also stated that he would like to have a discussion about capping the weighted average. Regent Stuart stated that his concern about capping based on the weighted average is that it is an artificial reference point in the first place. It is only a snapshot in time. The weighted average could change weekly.

President Likins stated that he believes the Board needs to be very careful to avoid unintentional consequences and he believes the students' weighted average

recommendation creates the risk of unintended consequences. The Board must remember that there are two different ways in which two of the universities have adopted the concept of differential tuition. The UA has focused on creating higher tuition for certain professional programs. At ASU the differential tuition is more campus based. If the Board were to strictly embrace the change to policy embodied in ABOR Policy 4-104B.3.e., this would result in setting a higher upper limit at ASU Tempe than at the UA. President Likins said that weighted averages make sense when you have different tuition campus to campus, but make no sense when you are constructing differential tuition models that are based higher than the base tuition. What the students said was not that there should be a mandatory cap, but that the comparison of the weighted averages should be to the weighted averages of other institutions around the country and compare our weighted average to that weighted average.

Regent DeConcini said that his reaction is that weighted averages could be a slippery slope. It seems that we are encouraging the universities to adopt this change, but he doesn't see why it is needed.

Regent Palacios stated that it is very clear to her that the thought that goes into this is reflective of the thought that will have to go into the process. It isn't a green light, the university has to go through a process and the Board gets to have a discussion and then decide whether to approve or modify a particular recommendation.

Regent Bulla stated that he also worries about unintended consequences. He realizes the Board could have more and more issues regarding how you measure weighted averages and exactly what the cost of instruction is. He stated that he wasn't sure that the Board has good data on the cost of instruction, which includes more than just the cost of the courses. It should include salaries, technology, buildings, etc.

Regent Graff stated that his only concern is the whole purpose of differential tuition is to focus on the strengths of an individual college or program. Weighted average doesn't seem like the right measurement. The top of the bottom 1/3 has always yielded a number that shows the effect on an individual student. The weighted average however shows us an average and it ignores the individual student. He stated that he agrees that there are dangers in having a policy that caps, but the nice thing about a policy is that we can change it in the future and he would rather see a policy that caps tuition now so we have the predictability for students now and when it is no longer sufficient the Board can consider new predictability standards.

President Crow stated that there are defects in the overall funding model. For example, ASU has no health fee but all of their peer institutions do have health fees. In the model that the Board is using some universities have their health fee reported in the national data and some don't. So, there are things that were never corrected which are financial stresses to the university. The regents need to have the ability to address special issues such as these things that aren't the same, when the university is being compared to everyone else.

Regent Hermes stated he would be in favor of changes similar to what ASA proposed in the call to the audience. He believes that change would provide a safeguard for keeping differential tuition plus base tuition to being the exception rather than the rule.

Regent Bulla stated he believed that the universities and the Board need to have more sophistication in how they set prices and still have as much flexibility as possible. Weighted averages have pluses and minuses. How you get to the weighted averages is really the key. He said that he hoped some day the Board could get closer to perceived value pricing.

Regent Mariucci stated that the Board agrees that it wants to maximize access and affordability. Pricing is partly a science and partly an art. The Board needs to not make this so scientific and difficult that it becomes a deterrent to the art of pricing. The best data that we have is comparing ourselves to our peer groups, medians, weighted averages on advertised prices, sticker prices for tuition. The reality is that the smallest minority of students pay the prices that we are putting on this implied precision. The Board needs to introduce more of the qualitative art of making good pricing decisions around incremental costs of programs, perceived market value of programs, the issues of affordability for some of the programs, and the nature of the students and how much other forms of need-based financial aid they can or cannot attract. All of those factors should play into the Board deliberations. Regent Mariucci further stated that she was opposed to putting undue emphasis on data that is intellectually not correlated with access and affordability, such as the imposition of a weighted average cap.

Regent Calderón stated that he was concerned about this matter and if it looks as though it will affect accessibility, he will not support it. He believes that the caps will provide some sort of a harness to hold the Board back a little.

Regent Jewett stated that this is a very technical and complex subject. At the end of the day the Board will have established the guiding principles. Affordability and access are very important to this Board. He supports this approach, as complex as it is. There is going to be a need for some level of trust that the Board will use the policy in a way that provides resources for the universities, but is also faithful to the commitments that the Board has made in keeping the universities affordable. He thinks the secret for the success the Board has had has been the fact that students have been at the table and students have been stretched to support some things that are normally difficult for students to support because they understand how important the tuition revenue stream is to the universities.

Regent Graff requested that the policy language be revised to make it mandatory that the plan include a college advising process that enables the student to anticipate future cost increases.

Regent Boice said that the board is trying to set tuition within a reasonable policy framework. This policy is being changed to provide the Board with greater flexibility to do what it needs to do. The Board is not bound to have differential tuition or special class fees, but the policy does give the Board the flexibility to set tuitions at levels that the Board deems appropriate giving access and affordability to the students. Regent Boice concluded by stating that there appeared to be a consensus in support of the proposed revisions.

Approval of Settlement of Claim and Lawsuit: Little Shop of Horrors Touring Company, LP v. ABOR, UA/UA Presents (Agenda Item #5)

Judith Leonard and George Davis joined the meeting for this presentation.

Regent Boice stated that the University of Arizona requested approval to settle the claim and corresponding lawsuit filed by the Little Shop of Horrors Touring Company, LP, against the Arizona Board of Regents, UA/UA Presents, in the Supreme Court of New York, Index No: 06/101345, for \$83,856.76.

Upon motion by Regent DeConcini and seconded by Regent Bulla the Board unanimously approved the settlement agreement with the Little Shop of Horrors Touring Company, LP for \$83,856.76.

Approval of Appointment of University Provost and Executive Vice President (ASU) (Agenda Item #6)

Regent Boice stated that the Board is being asked to approve the appointment of Elizabeth Capaldi as University Provost and Executive Vice President at Arizona State University, effective on or about August 15, 2006. This item was deferred to the afternoon session.

Approval of Appointment of Vice President for Outreach (UA) (Agenda Item #7)

Regent Boice stated that the Board is being asked to approve the appointment of Eugene G. Sander to the new position of Vice President for Outreach while continuing to serve as Dean of the College of Agriculture and Life Sciences at the University of Arizona, effective July 1, 2006. This item was deferred to the afternoon session.

Approval of Multiple-Year Employment Contract for Herbert Sendek, Men's Head Basketball Coach (ASU) (Agenda Item #8)

Regent Boice stated that the Board is being asked to approve a multiple-year employment contract for Herbert Sendek to serve as ASU Men's Head Basketball Coach for the period ending April 15, 2011.

Upon motion by Regent DeConcini, seconded by Regent Calderón, the Board unanimously approved the multiple-year employment contract for Herbert Sendek to serve as ASU Men's Head Basketball Coach for the period ending April 15, 2011, with a base salary of \$285,000 and additional salary of \$615,000 per year, consistent with the terms and conditions set out in the executive summary.

Approval of Multiple-Year Employment Contract for Michael Adras, Men's Head Basketball Coach (NAU) (Agenda Item #9)

Regent Boice stated that the Board is being asked to approve a multiple-year employment contract for Michael Adras to serve as NAU Men's Head Basketball Coach for the period July 1, 2006, through June 30, 2009.

Upon motion by Regent DeConcini, seconded by Regent Calderón, the Board unanimously approved the multiple-year employment contract for Michael Adras to serve as NAU Men's Head Basketball Coach for the period July 1, 2006 through June 30, 2009, with a base salary of \$105,000 per year, consistent with the terms and conditions set out in the executive summary.

Approval of Amendment to Multiple-Year Employment Contract for Michael Stoops, Head Football Coach (UA) (Agenda Item #10)

Regent Boice stated that the Board is being asked to approve an extension to the multiple-year employment contract for Michael Stoops, UA Head Football Coach, through December 31, 2010.

President Likins stated that there would be an additional side agreement which included the information regarding the performance expectation of athletes relating to academic criteria.

Upon motion by Regent DeConcini, seconded by Regent Palacios, the Board unanimously approved the extension to the multiple-year employment contract for Michael Stoops, UA Head Football Coach, through December 31, 2010, consistent with the terms and conditions set out in the executive summary.

The meeting recessed at 12:30 p.m. and reconvened at 2:10 p.m.

PROGRAMS COMMITTEE

Regent Jewett chaired this portion of the meeting.

Evaluation of the Learner-Centered Education (LCE) Grant Program (Agenda Item #25)

Stephanie Jacobson and Melvin Hall joined the meeting for this presentation.

Regent Jewett stated that Dr. Hall was present to report on the evaluation of the LCE grant program (2002, 2003, 2004). Stephanie Jacobson introduced Dr. Hall and provided some background information.

Ms. Jacobson stated that when the LCE grant program was first developed, there was an expectation that periodic evaluations would be made, as with the other projects funded under the Regents Innovation Fund. However, since this is a grant program that funds projects that are 18 months in length, it would have been difficult to evaluate the program until a significant number of projects had been completed. The LCE Team determined that an external evaluation should occur at the end of the 3rd grant cycle, or the grants awarded in 2004. Those projects concluded June 30, 2005. Dr. Melvin Hall was identified as the appropriate consultant for this project.

Dr. Hall is a professor of educational psychology at Northern Arizona University and a former dean of the college. His academic background and professional expertise is in program evaluation.

Dr. Hall reported that the LCE Team had two goals for the evaluation process. One was to determine if the program provides added value to the university system and the other was to gather evidence for a recommendation to the Regents regarding further funding. Three questions were developed to guide the evaluation. They were: (1) Is there evidence that funded projects have increased/improved the infusion of learner-centered education into the universities' educational environment? (2) How well does the LCE grant program match the priorities for the Regents' innovation fund? And (3) Has the grant program met its intended purposes?

Dr. Hall stated that he interviewed past and present regents, past and present ABOR staff, provosts, LCE Advisory Committee Members, selected Grant Principal Investigators, selected Arizona Faculties Council Leadership and selected faculty who have not been directly involved in the grant process.

LCE discussions began in April of 1999. A review revealed that substantial LCE activities were already in place on each campus. LCE discussion put the spotlight on the work of faculty in a positive manner and provided one of the few instances where Regents worked directly with faculty. With the approval of Proposition 301, a source of funding became available. There was an understanding that LCE should be evaluated against other needs. No specific criteria of evaluation were developed and no baseline data was collected at that time.

Dr. Hall then presented his nine recommendations for the program.

1. Develop clear and measurable goals for the grant program.

The grant program would benefit from clear and measurable goals. Those goals would assist in defining how the overall program of grants is expected to impact the university system, in contrast with the expected impact of individually funded projects. These goals would also address the question of how much impact is expected for the level of funding associated with the grant program, and the anticipated nature of this impact on students, faculty, and staff.

2. Increase synergy between grantees and across campus boundaries.

The grant program currently includes significant campus representation through the participation of Provosts on the LCE Team, Provost appointees to the Advisory Committee and Provost appointees to campus level review teams. The goal of better synergy across each campus and between campuses might begin with attention to ways of enhancing the communication between these campus representatives, campus planning and priority setting activities, and faculty across each campus.

3. Stronger evaluation of funded projects and the activities they develop.

There was a consensus that over time sufficient resources should be set aside to make sure that evidence to support solid assessment of funded projects would be available in a timely and credible way. This implies investment in defining measures as well as developing the infrastructure for compiling evidence. It also recognizes that the expertise to build strong evaluation designs was not routinely available to grantees.

4. Develop links between grant activity and promotion and tenure processes.

If learner-centered education program development is to flourish, mechanisms for effectively incorporating the work into faculty tenure and promotion portfolios will be needed.

5. Raise the profile of student outcome assessment activities.

To enhance the innovative quality of the LCE Grant Program a fresh and invigorating approach to assessment is needed and would be widely supported by those interviewed. This seems to be a natural area for increased incentives within the funding priorities for grants. Whether adopted as a theme for one or two award cycles, advertised as a priority funding area, or developed as a special RFP for a tri-university collaborative project some expanded focus on assessment of learner outcomes seems critical to the future credibility of the learner-centered initiative.

6. Develop a fast-track option for expanding successful projects.

A "Fast track" approval process for extension of projects showing promise as a result of the initial funding would provide a low risk opportunity to increase the impact of the grant program. The additional funding would be used to either further analyze data collected through evaluation activities built into the original proposal or disseminate those findings when warranted.

7. Focus grant program priorities to recognize emerging educational issues.

Developing a set of learner-centered initiatives focused on the underlying educational issues heightened by the growing diversity of Arizona's potential student population would bridge the innovation in access and workforce development criteria of Proposition 301 funding, further centralizing the grant program as an important Regent initiative.

8. Develop an impact plan and goals tied to clear outcome expectations.

A first step in designing a future for the grant program is the specification of outcomes desired from the program. If an impact plan were developed as part of the extension of the grant program, it would provide an opportunity to join together the overall goals for the initiative and the strategic selection of grant awardees. With a goal and strategy for overall impact, annual themes or selection priorities for grants could become a mechanism for directing resources towards the intended outcomes. Without an impact plan, proposal review

rates the merits of the program ideas in a vacuum without a clear sense of the intended cumulative impact of the grant program.

9. Examine the alignment between the grant program and campus funding priorities.

To increase the likelihood of sustainability and ongoing campus support for successful innovations, the link with campus planning priorities must be strengthened. To enhance this linkage the LCE Team should discuss whether the label of "learner-centered" inhibits thinking of the program as aligned with campus priorities and adjust the label accordingly. Additionally the team should consider using funding themes or priorities to create a stronger fit with campus priorities as the recent focus on entry level courses seems to have accomplished.

Overall those interviewed were very pleased with the accomplishments of the first five years of this program. Many of the interviewees felt that the present configuration of the program funding levels keeps the program out of the political arena and were very effective in leveraging funds by providing campuses additional incentives to maintain activities with a positive track record. Some interviewees also stated that with the relatively small scale of the grants, resulting projects were thought to be more sustainable than larger projects, while still enhancing faculty self-efficacy as grant writers due to the recognition and visibility received.

The interviewees also stated that the management of the grants program has been a strong positive feature, the proposal review process was viewed as clear and not intimidating and feedback and support received from the director of the grant's program was an important and positive experience.

The decision facing the LCE Team is to determine what is reasonable to expect from centralized encouragement of curricular transformation. The existing grant program has considerable although not unanimous support for continuation. Once the desired goals are clearly defined, the views and experiences of those involved in the LCE grant program can be used to inform the discussion regarding how far the system has been able to come with the investment made to date. Ultimately no strategy will have the power to change people, if it does not have the support from campus leadership necessary to make it an integral part of general campus direction.

The comments and recommendations collected in this evaluation provide a strong foundation for continuing the strong showing with faculty while strengthening important central campus endorsement.

Regent Jewett stated that in February, Dr. Hall presented this report to the LCE Team and in turn the LCE Team asked the LCE Advisory Council for their response. Stephanie Jacobson will briefly highlight that report.

Stephanie Jacobson stated that Dr. Hall provided nine recommendations in his report for the future of the grant program, and the full response addresses each of the recommendations. However, the nine recommendations can be clustered around three themes: accountability, linking to institutional priorities and faculty support.

Accountability: The most common thread relates to accountability: setting reasonable goals, determining a baseline, defining expected outcomes and assessing those outcomes. The Advisory Council strongly supports the recommendations related to accountability. The purpose of the grants was to infuse learner-centered techniques into the institutions, a course at a time or through faculty development for a few faculty at a time. There was no baseline or clearly defined measurable goals established when the program was created. It is not a design that lends itself to the type of measurable outcomes that would show that we have moved from point "a" to point b." The Advisory Council acknowledges that better accountability measures are a necessary requirement for the continuation of the program. Experience suggests that the program would benefit from professional expertise as we develop the future Request for Proposals, define clearer criteria for selecting those projects to be funded, and establish baseline data against which to measure the outcomes. External evaluation should be built into the ongoing review process.

Linking to Institutional Priorities: The Advisory Council strongly supports the recommendations relating to future grant programs with priorities of the institutions. The grants can address emerging issues such as the rapidly increasing number of students and the diversity of the student population, especially related to learning. The Council does have a structure in place that will strengthen the link. Each provost has appointed a vice-provost to serve on the Advisory Council. The Advisory Council is the operations group that oversees the day-to-day work of the grants. The Advisory Council reports directly to the LCE Team which is made up of the Provosts, the Regents and faculty leadership. These individuals are in a position to convey the key issues on behalf of their institutions as the priorities of the grants are proposed for each cycle. These recommendations would then be presented to the committee of regents, provosts and faculty leaders for approval.

A subtopic in this group relates to the dissemination of what has been learned from the grant to our faculty so it can be diffused into other parts of the institution. There has been some excellent work done in these grants and the Advisory Council needs to find a way to capture the information and disseminate it more effectively.

Faculty Support: Recommendation 4 relates to links between grants and tenure. The Advisory Council believes that each university has ways to address this. Faculty comments on these grants were often tied to comments about the lack of acknowledgement for the role of teaching in the tenure process. This is a broader discussion than the grants themselves, but it is one in which additional discussion with the provosts may be warranted.

Recommendation 6 suggests a fast track for projects that show promise or want to expand beyond the original project. While there was not a strong support for this recommendation, it points to one of the issues that we have encountered frequently; often projects have taken longer to develop, implement or assess than the 18 months we have allotted. The advisory council has given a number of extensions to try to address this, but for the future, we may need to look at a longer grant cycle.

The LCE Team is in agreement that there is significant benefit to continuing the grant program. However, there is also agreement that this is a good opportunity to modify the program to address some of the issues that Dr. Hall and others have raised.

Concurrently the Advisory Council is looking into the work of Dr. Carol Twigg of the National Center for Academic Transformation. Dr. Twigg headed up a \$9M Pew initiative which was intended to help institutions find ways to increase student learning while reducing costs for large undergraduate courses. Effective use of technology in the classroom is one of the key features which individual projects were expected to employ. This initiative involved institutions from around the country and was quite successful.

Dr. Twigg's approach is consistent with the principles of learner-centered education and, based on the feedback of the Regents who heard her, she was invited to meet with both the LCE Team and the LCE Advisory Council. She is interested in working with states or systems that wish to implement her model. A couple of things about her approach are consistent with our current grant program: It focuses on improving learning outcomes for undergraduates and it would employ competitive grants to select the courses that would participate. Her model might provide a little different approach that would address some of the concerns that have been raised. The members of the Advisory Council are contacting institutions who received Pew grants in order to get a better understanding of the impact and efficacy of the projects. In the next few months, Ms. Jacobson will be reporting on the plans for the next phase of the grant program and asking the support of the Regents for the continuation of funding.

Regent Stuart asked Dr. Hall if he was suggesting that the Board create links between Learner-Centered activity and the process of promotion and tenure or is that he would recommend that the universities do. Dr. Hall stated that he felt the universities should do it.

Regent Jewett thanked all the faculty and staff who commit significant amounts of time to make this grant program a success, the LCE Advisory Council who coordinate these efforts, the provosts and faculty leadership who sit on the LCE Team, and Dr. Hall for conducting the evaluation process.

Academic Program and Organizational Unit Change Requests, and Summary Report on Program and Organizational Changes Approved by the Executive Director (Agenda Item #26)

Stephanie Jacobson, Milt Glick, George Davis and Leslie Tolbert joined the meeting for this presentation.

Dr. Glick presented the Arizona State University requests.

President Crow explained that many of the programs in the proposed School of Sustainability are programs that are already available, but are now being reorganized into one school.

Regent Bulla asked, in relation to the Master of Real Estate Development Degree, how the fees were split. Dr. Glick responded that the fees stay with the program. Dr. Glick further stated that there are 40 completed applications for the program and 170 inquiries about the program. The interest in this program is extraordinary.

George Davis presented the University of Arizona requests.

Dr. Leslie Tolbert explained the Evelyn F. McKnight Brain Institute. The Evelyn F. McKnight Foundation invited a researcher from the University of Arizona to apply for a grant. The foundation will provide the UA with \$1M a year for five years if the UA can provide a match. The matching funds are being pulled together from several sources, TRIF, private funds, federal funds, NIH grants, and the Arizona Alzheimer's consortium. This institute will be doing research regarding changes in memory that occur in normal aging.

Upon motion by Regent Jewett, seconded by Regent DeConcini, the Board unanimously approved the academic program and organizational change requests as listed in the executive summary.

Approval of Special Program Fee for Master of Real Estate Development in the College of Design (ASU) (Agenda Item #27)

Milton Glick and Mark Denke joined the meeting for this presentation.

Regent Jewett stated that the Board is being asked to review and approve a request for a special program fee of \$19,000 for a new professional graduate degree program, Master of Real Estate Development, in the College of Design at Arizona State University.

Regent Stuart stated that due to some extenuating circumstances, this request is coming outside of the normal tuition and fees cycle. In accordance with Board policy which requires a public hearing prior to the Board meeting, ASU held its hearing on May 23, 2006, at which Regent Stuart presided.

Upon motion by Regent Stuart, seconded by Regent DeConcini, the Board unanimously approved the request for a special program fee of \$19,000 for a new professional graduate degree program, Master of Real Estate Development, in the College of Design at Arizona State University. By means of a roll call vote Regent Boice, Regent Bulla, Regent Calderón, Regent DeConcini, Regent Jewett, Regent Mariucci, Regent Stuart, Regent Graff and Regent Palacios voted in favor of this motion.

RESOURCES COMMITTEE Continued

Regent Boice chaired this portion of the agenda.

Approval of Appointment of University Provost and Executive Vice President (ASU) (Agenda Item #6)

Regent Boice stated that the Board is being asked to approve the appointment of Elizabeth Capaldi as University Provost and Executive Vice President at Arizona State University, effective on or about August 15, 2006.

Upon motion by Regent Boice, seconded by Regent Bulla, the Board unanimously approved the appointment of Elizabeth Capaldi as University Provost and Executive Vice President at

Arizona State University, effective on or about August 15, 2006, at an annual salary of \$350,000.

Approval of Appointment of Vice President for Outreach (UA) (Agenda Item #7)

Regent Boice stated that the Board is being asked to approve the appointment of Eugene G. Sander to the new position of Vice President for Outreach while continuing to serve as Dean of the College of Agriculture and Life Sciences at the University of Arizona, effective July 1, 2006.

Upon motion by Regent Boice, seconded by Regent Jewett, the Board unanimously approved the appointment of Eugene G. Sander to the new position of Vice President of Outreach while continuing to serve as Dean of the College of Agriculture and Life Sciences at the University of Arizona, effective July 1, 2006, at an annual salary of \$250,000.

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

Regent Calderón stated that the JCC met on May 3. At that meeting, each university and the community colleges were asked to provide a brief written report on how they are implementing the six recommendations developed by the JCC last fall and approved by the Board of Regents at the February Board meeting. Regent Calderón said that while these recommendations have received a positive response from the members of the legislature and the Governor's P-20 council, the institutions must be active in implementing them.

Regent Calderón further stated that the universities are actively responding to the recommendation for expanding programs for which more credits can be transferred from the community colleges, the recommendation for increasing university and community college partnerships and for establishing joint funding models. In addition, a committee has been appointed to draft the details for implementing the recommendation that provides a pathway for a community college to offer a baccalaureate degree. According to recommendation five, if none of the universities is able to respond to a documented need for a baccalaureate degree at a community college, a community college could develop a proposal to offer that degree. The recommendation provided a general outline, but the JCC needs to agree on a detailed procedure for the institutions to prepare requests so that the JCC will be prepared to respond. During the fall, the JCC will be developing accountability measures for each of the recommendations so there is agreement on how to measure and report progress. The JCC also requested that each of the universities report on their activities for recruiting transfer students.

UPDATE ON THE UNIVERSITY OF ARIZONA COLLEGE OF MEDICINE - PHOENIX

Regent Stuart reported that on the faculty side, seven ASU professors have been appointed to the College of Medicine faculty and six new members have been recruited as a result of a national search process. Recruitment for basic science faculty in targeted areas is continuing. Arrangements with ASU for temporary laboratory space for new faculty are

underway, pending the opening of ABC 1 on the Biomedical Campus. In regards to Administration, the administrative team is being built. Recruitment for the Vice Dean for the Phoenix Program is underway. The search committee has conducted preliminary interviews with seven candidates and is planning to interview another three candidates.

Regent Stuart said that the Phoenix Program curriculum development is continuing.

Regent Stuart further stated that the Phoenix Program plans to move to the renovated Phoenix Union High School buildings in August. The dedication ceremony for the three buildings will be October 10. A planning group that includes the many collaborators for the Phoenix Program is at work on this milestone event.

For Phase II, in order to expand its class size, the College of Medicine has been focusing on development of the expanded education building. The ABC 2 working group, approved by ACMER and formed in March of this year, has begun work to identify potential participants in the ABC 2 wet lab space. The working group has representatives from the UA College of Medicine, ASU, TGen, and the City of Phoenix, and can expand as needed in the future to include identified participants, such as the Veteran's Administration and others in the community. ABC 2 is an integral part of ABC 1, and both buildings were part of a coordinated planning process over the past three years. The initiatives for ABC 2 and the expanded education building will move forward over the summer; the next step is to complete more detailed programmatic and architectural plans for both buildings. The City of Phoenix has been supportive and involved in both efforts. The Phoenix Biomedical Campus Steering Committee, chaired by Rick Naimark, will be reviewing, over the summer, the series of Campus plans developed to date, with the goal of requesting that the City Council issue an RFQ for further planning in the fall.

Regent Stuart also reported the College of Medicine has formed a working group to address opportunities for establishing residencies and training opportunities in rural Arizona and in other underserved areas. This initiative will be ongoing, with an initial pilot program being planned for Yuma. The working group includes Arizona Area Health Education Centers, and will work closely with Arizona AHEC in moving forward.

The College of Medicine has recruited James R. Sowers, M.D., an international leader in diabetes research, to join its faculty. Dr. Sowers will establish a Comprehensive Diabetes Center that will create a statewide consortium of investigators, educators, and health care providers to focus on research, clinical care, and education in diabetes. The Diabetes Center will provide an interdisciplinary, collaborative approach that will be focused in the College of Medicine programs in both Tucson and Phoenix. The initiative will be based upon collaboration with organizations across the state, including ASU, University Physician's Healthcare-Kino campus, University Medical Center, the Carl T. Hayden and Southern Arizona Veterans Affairs Health Care Systems, TGen, and the National Institutes for Diabetes and Digestive and Kidney Diseases (NIDDK).

As is evident, much activity is occurring and much hard work is being performed by many people.

IT/AZUN COMMITTEE

Regent Bulla chaired this portion of the meeting.

Report from the IT/AZUN Committee (Agenda Item #30)

Chair Robert Bulla presented an oral report on the proceedings of the IT/AZUN Committee meeting on June 22, 2006.

Regent Bulla stated that the IT/AZUN Committee met and received a number of important information technology reports: (1) From AZUN, Decision Academic provided a demonstration of their web portal software and the committee received the AZUN activity progress report; (2) Eduventures Learning Collaborative Service provided options for a custom market report for 2006-2007; (3) the Arizona Regents Reach Out (ARRO) grant program was approved for 2006-2007 for \$300,000; (4) the committee reviewed the follow-up reports on IT centralization that it requested last month; (5) ASU's student information and human resources system, OASIS, was reported both by the university technology officer in his first quarterly report and the Committee's project oversight consultant; (6) the committee approved two ASU projects, a budget increase for the OASIS project and an IT project approval for the downtown campus which are coming to the Board for approval; and (7) the committee also approved two projects for the Regents IT Innovation Fund: \$40,000 to continue with the central office SharePoint implementation and \$9,000 to continue system architecture consulting, provided by Darel Eschbach, and related expenses.

Oasis Budget Update (ASU) (Agenda Item #31)

Art Ashton joined the meeting for this presentation.

Regent Bulla stated that the Board will receive an update on the OASIS project budget reflecting the agreements for software licensing and consulting and hosting services negotiated subsequent to ABOR's February 2006 approval and will be asked to approve a budget increase from \$22.9M to \$24.5M over five years.

Upon motion by Regent Bulla, seconded by Regent Boice, the Board unanimously approved the OASIS project budget increase from \$22.9M to 24.5M over five years, as recommended by the IT/AZUN committee.

Technical FF&E for the Downtown Phoenix Campus (Agenda Item #39)

Regent Bulla stated that the Board is requested to review and approve ASU's request to purchase the IT infrastructure needed to open ASU at the Downtown Phoenix Campus. The necessary collection of personal computers, server infrastructure, software, mediation equipment, and services has an anticipated budget of \$4,205,600.

Upon motion by Regent Bulla, seconded by Regent Boice, the Board unanimously approved ASU's request to purchase the IT infrastructure needed to open ASU at the Downtown

Phoenix Campus with an anticipated budget of \$4,205,600, as recommended by the IT/AZUN committee.

CAPITAL COMMITTEE

Regent Boice chaired this portion of the meeting.

Regent Boice reported that the Capital Committee met on June 1 to consider all Capital Committee items that appear on today's agenda. At that meeting, the committee reviewed and approved the University of Arizona's combined Project Implementation Approval and Project Approval request for the Architecture Building Renovation Project.

Approval of FY 2007 Capital Development Plans (ASU, UA) (Agenda Item #32)

Ted Gates, Joel Valdez and Carol Campbell joined the meeting for this discussion.

Regent Boice stated that ASU and the UA request approval of their FY 2007 Capital Development Plans (CDP's).

Carol Campbell reported there were no new projects submitted by ASU, just modifications. Ms. Campbell reported that several of these projects, such as the Public Safety Facility and the Construction Engineering Building, were dependent on other influences and might or might not go forward depending on negotiations with contractors and/or fundraising efforts.

Arizona State University

Upon motion by Regent DeConcini, seconded by Regent Bulla, the Board unanimously approved Arizona State University's modifications to the following projects for inclusion in the FY07 CDP: Department of Public Safety Facility at an estimated cost of \$12.5M, Polytechnic Science and Technology Building at an estimated cost of \$53.5M, Polytechnic Classroom Office Building at an estimated cost of \$29M, Polytechnic Classroom Office Building II at an estimated cost of \$20.5M, Interdisciplinary Science & Technology Building IV, at an estimated cost of \$130,000,000, and Construction Engineering Building at an estimate of \$40,000,000 as well as identification of College of Nursing and Healthcare Innovation Phase II project as a sub-project of the Downtown Phoenix Campus Phase I, as set forth in the executive summary and as recommended by the Capital Committee.

Joel Valdez briefly described the two new projects that are being added to the UA FY07 CDP: (1) the Glen G. Curtis Building and (2) the Residence Life Building Renewal Phases III and IV.

University of Arizona

Upon motion by Regent Boice, seconded by Regent Bulla, the Board unanimously approved the University of Arizona's addition of two new projects to the FY07 CDP: Glen G. Curtis Building at the Yuma Agriculture Center at an estimated cost of \$4.35M; and Residence Life

Building Renewal Phases III and IV at an estimated cost of \$21.87M, as set forth in the executive summary and as recommended by the Capital Committee.

Conference Center and Parking Facility (NAU) (Agenda Item #33)

Kathe Shinham and Dave Harris joined the meeting for this presentation.

Regent Boice stated that Northern Arizona University was requesting authorization to proceed with the actions necessary for the development of a new conference center and parking facility.

President Haeger stated that he felt it was important that the Board recognize that this is one of the first joint projects with the City of Flagstaff and the reason that this project is moving forward is not just the university's actions, but that the city partners have put \$2M into this project.

Regent Mariucci stated that she felt it was very important that everyone realizes that the marketing side of the convention space is key to the success of this project. She stated that she was interested in how the space was going to be marketed and who was going to do it. Dave Harris stated that NAU and Drury would be working together to market the conference center. Dave Harris also stated that a conference center manager was going to be hired in the near future.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously authorized Northern Arizona University to proceed with (i) the formation of an Arizona limited liability company (L.L.C.) by Northern Arizona Capital Facilities Finance Corporation for constructing and financing a new \$14M Conference Center and Parking Facility on the north Campus of NAU, (ii) a ground lease from NAU to the L.L.C., (iii) the issuance by the L.L.C. of not to exceed \$12.4M of Lease Revenue Bonds for the purpose of financing the design, construction, and equipping of the Conference Center and Parking Facility, (iv) a lease of the Conference Center and Parking Facility from the L.L.C. to NAU, and (v) the expenditure of \$14M for total project development costs utilizing funding sources as specified in the executive summary and as recommended by the Capital Committee.

PUBLIC AWARENESS COMMITTEE

Regent Bulla chaired this portion of the meeting.

Update on Proposed Legislation and Budget (Agenda Item #35)

Michael Hunter and Christy Farley joined the meeting for this presentation.

Regent Bulla stated that the 47th Legislature's Second Regular Session adjourned just after midnight last night. The government affairs team worked long hours developing strategies, alternatives, compromises, and solutions to influence the lawmaking process in an effort to achieve beneficial legislative outcomes for the universities. The Board will receive an update

on legislation, legislative activities, and the status of budget discussions. Regent Bulla thanked the government affairs team, the Governor and her staff, and Darcy Renfro who was there for the university system in every instance as well as to make the last minute push to get the statutory changes regarding AFAT into the budget. Regent Bulla explained that those changes, relating to the Arizona Financial Aid Trust Fund requiring a 2 to 1 match of general fund appropriations to the student surcharge as well as enabling 75% of the funds to be used for immediate financial assistance will have a dramatic impact on the universities' ability to provide need-based financial aid.

Michael Hunter gave an update on the budget and the status of legislation which affected the universities. The universities fared well with this budget. They received approximately \$124.5M more than the prior year. A discussion ensued regarding the 155 credit hour threshold. The Board agreed that this is a matter that needs to continue to be monitored and hopefully further amendments will take place.

Michael Hunter then highlighted new pieces of legislation:

- (1) HB2683 requires, among other things, for the Board to establish a plan for establishing a differentiated tuition and fee rate structure for students who have earned credit hours in excess of the credit hour threshold. HB2683 also provides for ASU to develop a four-year pilot program for optional flat rate tuition for incoming undergraduate students beginning in academic year 2007-2008 and provide a report on the pilot program to the joint legislative budget committee by December 1, 2006 and December 1, 2012.
- (2) HB2873 requires, among other things, "indirect debt financing" to be reviewed by the Joint Legislative Budget Committee.
- (3) HB2477 establishes a "Twenty-First Century Competitive Initiative Fund," administered by the Commerce and Economic Development Commission, to build and strengthen medical, scientific and engineering research programs and infrastructure with an emphasis in bioscience.
- (4) SB1153 would prohibit a public postsecondary institution from denying recognition "to a student organization on the basis that the organization advocates religious, political or philosophical beliefs or limits its membership or leadership to students who share the same religious, political or philosophical beliefs." This bill was opposed by the Regents and has now been transmitted to the Governor for her consideration.
- (5) HB2583 requires all public education classrooms, including colleges and universities, to display a United States Flag and also requires them to display the U.S. Constitution and Bill of Rights.
- (6) HB2702 increases the length of time a multipurpose facility district (Rio Nuevo) can receive state payments from ten to forty years. This bill passed.
- (7) SCR1031 puts to voters a series of statutory changes requiring that recipients of specified state-funded services be legal residents in the United States.

Regent DeConcini suggested that the Board should write to the Governor and to legislators who have supported the Board and the universities to thank them for their support.

Briefing on National Issues and Initiatives (Agenda Item #36)

Regent Bulla stated that the Board will now receive a briefing on several national issues and initiatives from Cathy McGonigle.

Cathy McGonigle highlighted two national higher education issues. The first is Solutions for our Future. In March 2006, the American Council on Education (ACE) launched a public outreach campaign, *Solutions for our Future*, designed to raise awareness about higher education's critical role in the future of our country. The initiative is a multi-year effort aimed at establishing a dialogue with local communities and policymakers about the broad societal benefits of higher education. The campaign will utilize national television, radio and newspaper advertisements, an interactive website, and the grassroots participation of member campuses and local stakeholders to convey its message. *Solutions for our Future* has three primary goals: (1) to increase awareness of the public benefits of higher education; (2) to enable every campus to do its part in meeting the nation's needs for higher education; and (3) to make higher education a public policy priority.

The campaign will center on four core messages: (1) Well-educated citizens are crucial to America's ability to confront the challenges of the future; (2) Our colleges and universities contribute to the economy, well-being, and quality of life in our country; (3) our country must continue to expand college access and achievement to build the human capital necessary to succeed in the international knowledge economy; and (4) America must sustain public investment in higher education to meet the needs of the future. 400 colleges and universities across the nation have signed up to support the *Solutions* grassroots campaign.

The second issue is the Secretary of Education's Commission on the Future of Higher Education, which continues its discussion on how best to improve the nation's system of higher education. In brief, the commission's charge is to study and recommend ways on a national basis to align secondary and postsecondary systems; enhance world-class research, address affordability and access; and meet demand for highly skill workers. Recent reports on the commission's activities reflect the difficulties the members are experiencing in achieving a consensus on the recommendations to include in the report. It has been reported that several members have been frustrated with the lack of opportunity to express their own views (as opposed to listening to outside presenters) and with the direction in which the panel's chairman has been leading the commission. The deadline for submission of the report now has been extended from August 1, 2006 to mid-September 2006, reflective of the challenges facing the commission.

Two ideas presented to the panel - establishing a national accreditation system and mandating standardized testing of college students - generated quite a bit of discussion and controversy in the early months of the commission's deliberations. However, recent discussions have focused on less sweeping ways to enhance the accreditation system and voluntary participation in implementing testing programs to reflect what students have learned while in college. The commission also continues to address other topics, including how to

enhance workforce development, accountability, innovation, and student financial aid. The commission's final recommendations are expected to serve as the basis for the administration's effort to reform higher education and may take on added importance if Congress is unable to complete its work on reauthorization of the Higher Education Act.

ADMINISTRATIVE BUSINESS

Regent Palacios chaired this portion of the meeting.

Election of Officers (Agenda Item #37)

Regent Palacios stated that the Board will elect officers for FY 2006-2007.

Upon motion by Regent Graff, seconded by Regent Palacios, the Board unanimously elected the following officers: Robert Bulla, President; Fred Boice, President Elect; Ernest Calderón, Treasurer; Jack Jewett, Secretary; Anne Mariucci, Assistant Secretary; and Edward Hermes, Assistant Treasurer for 2006-2007.

Adoption of Board Meeting Calendar for FY 2008-2009 (Agenda Item #38)

Regent Palacios stated that the Board is requested to adopt the Board meeting calendar for FY 2008-2009.

Upon motion by Regent Calderón, seconded by Regent Palacios, the Board unanimously approved the FY 2008-2009 Board meeting calendar.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Ms. Marsha Yowell thanked everyone for their support and continued assistance.

She stated there were two matters to report to the Board. The AFC appreciated having breakfast with the Regents at the April meeting and the dialogue regarding concerns about faculty evaluations. Second, the AFC members are discussing the defeated legislation regarding offensive course content. The AFC members want to positively affirm their support for academic freedom and the need for students to engage in study and discussion of diverse materials, some of which may be controversial.

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

Regent Palacios wanted Robert Mitchell to know that his service as the Arizona Faculties Council representative this past year was appreciated. He was a helpful liaison between the Board and the AFC.

Regent Palacios then stated that this was Peter Likins' last Board meeting. He will be retiring from his position on June 30, 2006. President Likins has guided the UA to its position of prominence in the last nine years. He will be missed and the Board thanked him for all of his contributions.

Regent Palacios then said that this is also Regent Graff's last meeting. The Board thanked Regent Graff for his service to the Board and the various committees that he was on and also for his outstanding job of presenting the student voice on various issues.

Regent Jewett then thanked Milt Glick for his many years of service and his considerable contributions to ASU and to higher education in Arizona.

Regent Bulla said that this was also Regent Palacios' last meeting as president. The Board thanked her for her hard work, her fairness, her leadership, and her style.

The Board thanked NAU for a job well done in hosting the Board meeting.

ADJOURNMENT

The meeting adjourned at 5:45 p.m.

SUBMITTED BY:

Peggy Martin
Secretary to the Board

APPROVED BY:

Robert B. Bulla
President

ATTEST:

Anne Mariucci
Assistant Secretary