

**MINUTES OF A MEETING**



**August 10 and 11, 2006**

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**MINUTES OF A MEETING  
ARIZONA BOARD OF REGENTS  
August 10 and 11, 2006**

A meeting of the Arizona Board of Regents was held August 10 and 11, 2006, in the Arizona State University Memorial Union. President Bulla called the meeting to order at 1:35 p.m., on Thursday, August 10, 2006.

Present:     Regent Fred Boice  
              Regent Robert Bulla  
              Regent Ernest Calderón  
              Regent Dennis DeConcini  
              Regent Edward Hermes  
              Regent Jack Jewett  
              Regent Christina Palacios  
              Regent Gary Stuart  
              Regent Mary Venezia  
              Superintendent Tom Horne

Absent:     Governor Janet Napolitano  
              Regent Anne Mariucci

Also present were President Michael Crow, Dr. Christine Wilkinson, Dr. Elizabeth Capaldi, and Mr. Rich Stanley, Arizona State University, President Robert Shelton, Ms. Edith Auslander, Ms. Judith Leonard, Mr. Joel Valdez and Ms. Carla Nunn, University of Arizona; President John Haeger, Dr. M. J. McMahon, and Mr. Mark Neumayr, Northern Arizona University; Executive Director Joel Sideman, Acting Board Counsel Nancy Tribbensee, Secretary to the Board Peggy Martin, Dr. Art Ashton, Ms. Kathy Bedard, Mr. Michael Hunter, Mr. Ted Gates, Ms. Stella Galaviz, Ms. Cathy McGonigle, Ms. Anne Barton and Mr. Dan Anderson, Central Office; and Dr. Marcus Ford, Arizona Faculties Council.

**All lists, reports, summaries, background materials, and other documents referred to in these minutes can be found in the August 10 and 11, 2006, Documents File.**

Regent Boice led the Pledge of Allegiance.

Regent Bulla welcomed President Shelton from the University of Arizona, the new Student Regent, Mary Venezia, from Northern Arizona University and Marcus Ford, the new Arizona Faculties Council representative, from Northern Arizona University. Regent Bulla stated that this was the first official Regents meeting for all three of these individuals.

Regent Bulla then introduced Laura Thorson, a senior at ASU in the Barrett Honors College, with a double major in Political Science and History. She is active on campus as a member of the ASU Student Foundation, the Campus Environment Team, and also writing for the State Press. All of this was accomplished while earning a cumulative 4.0 grade point average. Laura was selected for the ASU Capitol Scholars program this summer and through that was selected as a judicial intern at the U.S. Supreme Court.

Laura told about her summer program where she did an internship in the U.S. Supreme Court working in the Office of the Administrative Assistant to the Chief Justice. She said that she got to observe all of the preparation that takes place when preparing anything for the court and stated that one of the things that really amazed her about the U.S. Supreme Court was the number of people that work in that building. There are many more than the Justices and their law clerks.

## **CALL TO THE AUDIENCE**

Regent Bulla introduced Mayor Phil Gordon and expressed the Board's appreciation to the Mayor, the City Council, the staff of the City of Phoenix, and the citizens of Phoenix for their support of the university system. The Board of Regents has formed a strong partnership with the City of Phoenix in several areas, including the Phoenix Biomedical Campus and ASU's Downtown campus. Regent Bulla stated that the months of August and October are going to be very exciting for everyone with the opening of the ASU's Downtown campus on August 15 and the dedication of the UA College of Medicine-Phoenix on October 10.

**MAYOR PHIL GORDON:** Thanked the Board on behalf of the City of Phoenix and the State for the great partnerships that have been collectively created by the City of Phoenix and the Board. He stated that he believed this partnership would benefit all of us; the universities, the City of Phoenix and the State of Arizona. He further stated that he believed this would bond the universities, the city and the State in a way that no one could have anticipated.

## **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 Palacios, seconded by Regent Calderón.

### **\*Minutes**

The April 27, 2006, Executive Session minutes, the June 22, 2006, Regular Meeting minutes, and the June 23, 2006, Retreat minutes were approved.

## **RESOURCES COMMITTEE CONSENT**

### **\*Disclosure of Substantial Interest of University Employee Dominic M. DeCianne, Research Technician, Agricultural and Biosystems Engineering, in RediRipe, LLC (Board Agenda Item #7)**

The Board approved the University of Arizona's request for university employee Dominic M. DeCianne, Research Technician, Agricultural and Biosystems Engineering, to establish and maintain a substantial equity interest in RediRipe, LLC, while remaining a university employee.

## **STRATEGIC PLANNING COMMITTEE CONSENT**

### **\*Arizona Board of Regents 2005-2006 Action Plan Final Report (Board Agenda Item #15)**

The Board accepted the final report on the 2005-2006 Action Plan objectives as presented in the executive summary.

## **REPORT FROM THE PRESIDENT OF ARIZONA STATE UNIVERSITY**

President Michael Crow gave a presentation to report on the progress of the university relative to its goals. President Crow gave a summary of what the university has done relative to its metrics in the fiscal year 2006 in the context of the enterprise model.

President Crow stated that the three words that capture ASU's objectives are excellence, access and impact. Those are the three things that ASU is working toward and that drive them every day. As ASU moves forward, how do they get to those three objectives?

President Crow stated that ASU's goals were to move toward being a National Comprehensive University by 2012, which is about academic excellence, research competitiveness and driving the institution forward and would include the ASU-Scottsdale Center for New Technology and Innovation, the Biodesign Institute at ASU, and the Joint Phoenix Biomedical Campus Development to name a few. Next is access and quality for all, which is about the expansion of the university, which includes ASU at the Tempe campus (Transformation), ASU at the Polytechnic campus (Emergence), ASU at the West campus (Expansion), and ASU at the Downtown Phoenix campus (Urbanization). The university will establish national standing for colleges and schools in every field, which is about excellence. Last is enhancing our local impact and social embeddedness which is related to the impact objective and includes the Phoenix Urban Research Laboratory, Stardust Center for Affordable Homes and the Family and ASU Futures Council.

President Crow stated that ASU is moving forward with its comprehensive development plan. To implement the complete plan will cost \$3.4B in capital construction. They have advanced and executed many new schools and new centers.

President Crow stated that ASU's revenues have grown by 29.4% since FY 2002. ASU has experienced a 10,000 student enrollment increase since FY 2002. Resources have increased but enrollment has increased more. ASU is making progress. ASU spent over \$200,000,000 on research expenditures in FY 2006. ASU is hiring faculty. Full-time tenured/tenure-track faculty has increased from 1,449 to 1,540 since FY 2002. Since July 1, 2002, ASU has recruited more members of the National Academies than the sum total of all Academy members on the faculty in its more than 45 years as a Ph.D-granting institution. ASU has increased the number of tenured/tenure-track minority faculty members.

President Crow pointed out numbers related to students as follows: 8,467 freshman in 2005, mean SAT combined score 1,103, mean ACT composite score 23.1, mean high school GPA 3.31, 155 National Merit Scholars, 26.1% minority students, 30.4% minority Arizona residents and 53% female students. The quality of the freshman student continues to increase. The

number of minority students has increased. President Crow also stated that there has been a 189% increase in university need-based gift aid in the past three years, a 488% increase in enrolled first-time freshman from Arizona families with incomes below \$18,850, and a 19% increase in Pell Grant Recipients. Freshman to sophomore persistence has increased and the six-year graduation rate for freshman has increased.

President Crow stated that the university has been working hard to advance the entrepreneurial initiative at the university. The university has internal oriented projects, university oriented projects and external oriented projects.

ASU has built an interactive website which is used by thousands of individual citizens every week and hundreds of individual groups to link to 1040 outreach opportunities throughout the state. The university is involved in several clinical partnerships. ASU has been increasing scientific activity since President Crow began his presidency. ASU has built a relationship with TGen and a collaboration and partnership with the UA relative to the expansion of the medical school. The university also works with other clinical partners.

President Crow stated that this is where ASU is going, this is where it is headed, and this is how the university objectives are fulfilled. Everything is progressing nicely and ASU is on track relative to where it plans to go.

Finally President Crow gave the Board new data regarding last year's controversial meal plan issue. President Crow reported that of 5,125 new entering freshmen that are assigned to campus housing, 5,600 new freshmen purchased the meal plan, 62 students filed for exemptions and 5 students requested financial aid.

### **PRESENTATION FROM THE ARIZONA BUSINESS AND EDUCATION COALITION (ABEC) ON ARIZONA ACADEMIC SCHOLARS INITIATIVE**

Regent Bulla introduced Susan Carlson, Executive Director of the Arizona Business and Education Coalition (ABEC) and Mary Wolf, Project Manager of the Arizona Academic Scholars Initiative. He stated that ABEC was a statewide coalition of business and education leaders focused on K-12 education and its linkage to higher education.

Susan Carlson stated that ABEC tries to focus on improving student achievement.

Susan Carlson introduced Mary Wolf, the Project Manager for the Arizona Academic Scholars Initiative.

Mary Wolf stated that only 1.6% of new jobs in Arizona paying above the median wage will not require some postsecondary education. Further she stated that: 85% of projected new jobs will require postsecondary education and work experience suggesting that high school graduates need to be both college and career bound; only 28% of 8th graders take Algebra, considered a "gateway" course for college bound students, 17% of Arizona graduates complete a college degree on time, 42% of students in four-year institutions and 63% in two-year institutions require remediation, and 56% of students who do not require remediation complete a two- or four-year degree. The bottom line is that knowledge is the greatest

natural resource and postsecondary education will be a must for economic and individual success.

Mary Wolf went on to say that educators can raise their expectations for all students, especially the average students. Nine in ten students said that if their high school set higher academic standards, and raised the expectations for how much course work and studying were necessary to earn a diploma, they would apply themselves more. Educators need to inform parents that the rigor of the academic courses completed has proven to be a better predictor of success in postsecondary education than a student's GPA or class rank.

Mary Wolf reported that one of the challenges they are having is GPA vs. rigor. College admission is based on a student's GPA. Students who take harder classes, but get somewhat lower GPA's are punished, when in fact it appears that students who take harder classes and receive somewhat lower GPA's are the students that are more likely to succeed.

Susan Carlson said that ABEC is asking the Board to change their policy and support rigor first, and then GPA and as individuals support the local scholars' community.

Superintendent Horne stated that he had found out about the rigor vs. GPA issue and believes that rigor is more important than GPA for predicting future success and the Department of Education now supports this. High Schools use a "5 point A" to reward kids for taking harder classes, but universities do not recognize the "5 point A" in calculating GPA's. Regent Horne stated that he would be asking this Board to recognize the "5 point A" so that students that take more rigorous classes will not be penalized.

Regent Hermes asked about the fact that ABEC only recommends three years of math. Susan Carlson replied that the Board needs to remember that the target audience of the initiative is the ones that would probably only be taking two years of math, so three is an improvement. The three year requirement for math is one that will be reassessed annually.

Regent Stuart said that he thought that the Regents' admission policies were based more on class rank than GPA. Superintendent Horne stated that he believed that when the high schools calculated the class rank they used the "5 point A", but the university recalculated the class rank without the "5 point A".

## **PRESENTATION ON THE GOVERNOR'S P-20 COUNCIL**

Regent Bulla welcomed Governor Napolitano. He stated that the Governor was going to spend some time providing the Board with an update on the objectives and activities of the P-20 Council. Before turning the meeting over to Governor Napolitano, Regent Bulla thanked her, on behalf of the Board and the universities, for being a strong champion of the higher education agenda and the university system. He stated that her leadership and support and the legislature's support for salary increases, need-based financial aid, enrollment growth, and other investments in our universities were very much appreciated and would go a long way toward helping the universities meet the shared goals of increasing access to higher education and providing Arizona's citizens a high quality university education.

Regent Bulla then congratulated the Governor on becoming Chair of the National Governor's Association.

Governor Napolitano said that she was going to talk about NGA and the chair's initiative and then the P-20 Council.

She stated that when you become the NGA chair you get the opportunity to select an initiative and all fifty governors participate in your initiative. As her initiative she chose "Innovation America," and she chose it in part because she had looked at high school reform. It includes test based issues, standards based issues, how do you get kids to and through high school and in Arizona's situation, AIMS. She stated that the challenge is not just learning equations and formulas, but creative and innovative applications and the excitement of learning. The "Innovation America" initiative will highlight two areas that are critical to our future success. First, it will focus on increasing student proficiency in math and science by modernizing the teaching force, benchmarking academic standards and aligning assessments and creating new models for math and science education. Second, it will strive to enhance innovation by implementing statewide strategies as well as those that target existing high growth regional centers of innovation. Together, these approaches will reduce existing barriers to innovation, support entrepreneurship, fund research and development and create 21st century university systems.

The Governor stated that she needs the universities to participate in her initiative. The universities need to help drive an innovation agenda and increase teachers and teaching capacity in these areas. The Council on Competitiveness is also going to be a partner in this initiative. Beginning in December there will be a forum. There needs to be a sense of urgency. President Crow has agreed to serve on the task force. There will be CEO's from around the state participating on the task force.

Governor Napolitano then stated that the P-20 Council is her major education agenda. The goal of the Council is to produce a high school graduate who is 21st century ready. This is a student who is ready to continue on to some form of postsecondary education. This is more than being able to pass the AIMS test. This is about producing students who have a skill set beyond the AIMS test. It means being well versed in a number of subjects, it means having a curricula that is rigorous and exciting at the same time. As we look to build our education capacity the P-20 council is saying what are we educating students to be and what do we want the end product to be. The Governor stated that this is about linkages - how do you align the high schools with postsecondary education and postsecondary education with the workforce needs. We want an educated citizenry who can help drive our economy. The Governor said that everything that she presents to the legislature this session is going to be a product of the P-20 Council.

Robert Bulla thanked the Governor for an excellent presentation. He stated that it is critical that the Board and the universities focus on the full range of education of our youth from pre-school through postsecondary education. He complimented the Governor on her efforts in these areas and stated that the Board and the universities wanted to work with her as she strives to improve education in Arizona.

Governor Napolitano said that there are some concrete things that ABOR can do. For example, it is her understanding that all three universities are engaged in a common enterprise on how we produce more math and science teachers. We do not have enough of these teachers and the universities need to produce more.

President Haeger stated that all three universities are deeply concerned about math, science and engineering students and how to get more students in those areas. There needs to be big dollars in scholarship monies to get students to move into those areas.

Regent DeConcini asked if there is a federal part in the Innovation Arizona initiative. Governor Napolitano stated that they are going to reach out to the federal Department of Education and hope to be able to work with them.

## **RESOURCES COMMITTEE**

Regent Calderón chaired this portion of the meeting.

### **FY 2007 State Expenditure Authority (Board Agenda Item #1)**

Gale Tebeau joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to review and approve the FY 2007 State Expenditure Authority for the universities and the central office.

Ms. Tebeau gave a brief overview of the FY 2007 State Expenditure Authority. Ms. Tebeau stated that the proposed FY 2007 Arizona University System state expenditure authority is \$1.4 billion, an increase of \$142.6 million (11.4%) over FY 2006. The state expenditure authority includes \$963.9 million in general fund monies, an increase of \$103.6 million (12.0%), and \$433.9 million in tuition and fees remitted to the State to support the state operating budget, and other miscellaneous revenue, an increase of \$39.0 million (9.9%) over FY 2006. Ms. Tebeau stated that total tuition fee revenues include both regular revenue from tuition and special program fees and are estimated to increase by \$75 million or 11.1% for a total of \$755 million for FY 2007. About 43% of that is retained locally at the universities for student related services, activities, debt service, plant funds and student financial aid. The Regents' formula-driven financial aid set-aside has been estimated to increase by about \$6.5 million (13.6%) to \$54.3 million. In addition, the universities set-aside a portion of special program fee revenues, typically about 15%, for need-based aid for those students enrolled in the programs with program fees and that is about \$3 million for the system. Since final student enrollment is not known at this time the tuition revenue and the subsequent financial aid set-aside are estimates and may change when the final enrollments are known.

Regent DeConcini stated that he thought the budget was very confusing and asked if there could be a more consistent, common format used so that comparisons between universities could be made. He also requested that the State Expenditure Authority report include data from two prior years and that percentage increases/decreases from year to year be provided on the report.

Regent Boice said he thought we needed to keep that thought in mind and maybe make a variety of areas more comparable. Regent Hermes wondered why for each university the alumni association budget was cut out. Ms. Tebeau reminded the Board that there is a footnote that the universities cannot use tuition revenue for the alumni association.

Joel Sideman stated that normally we would bring state expenditure authority to the June meeting. There is a requirement that it comes to the board for approval. This is just one piece of what becomes the all funds budget, which describes the state operating budget as well as local funds and any federal gifts and contracts.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved the FY 2007 State Expenditure Authority.

### **FY 2007 Initial All Funds Operating Budget (Board Agenda Item #2)**

Regent Calderón stated that the Board was being asked to review and approve the FY 2007 Initial All Funds Operating Budget, which combines the state operating budget and the universities' local fund budgets into a comprehensive summary that includes projected revenues, expenditures, and year-end balances.

Gale Tebeau presented a summary of the FY 2007 All Funds Operating Budget. Ms. Tebeau stated that the All Funds Operating Budget combines the state operating budget and local fund budgets into a comprehensive report that includes projected revenues, expenditures, and estimated year end balances for the fiscal year for each university and the central office. The Initial All Funds Operating Budget reflects changes since the FY 2006 Mid-Year Update presented to the Board in January 2006, as well as local fund budgets with projected year end negative balance of \$100,000 or more. Ms. Tebeau said that the FY 2007 State appropriations included \$20 million in general fund appropriations for University Discretionary Adjustments. Each university has identified where they intend to spend those funds. Ms. Tebeau reported that ASU plans to eliminate the Stadium Management deficit by using local funds to clear the account and that UA will eliminate the *UA Presents* deficit by the transfer of funds from Investment Income.

Regent Bulla stated that the Finance Committee will be reviewing the budget and will work on updating the areas that are troublesome and/or cumbersome.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved the FY 2007 Initial All Funds Operating Budget.

### **Preliminary FY 2008 State Operating Budget Requests (Board Agenda Item #3)**

Regent Calderón stated that the Board is being asked to review preliminary FY 2008 State Operating Budget Requests and provide guidance to the universities and central office for development of the final budget requests scheduled for approval at the September meeting. Following the September meeting, the Board-approved budget requests will be forwarded to the Governor and the legislature.

Gale Tebeau presented a summary of the preliminary FY 2008 State Operating Budget Requests. The system requests a \$110 million (7.9%) increase over the FY 2007 base and an 11.4% increase over the FY 2007 general fund base. As a comparison, last year's request was for \$149 million.

President Haeger commented on his budget proposal. President Haeger stated that all three universities are facing some very unique issues next year, including utility costs and inflationary increases. If additional state funding occurs next year NAU will significantly expand its mission in terms of the allied health sciences. He stated that he believed that NAU, in partnership with the state, can do this. NAU will be requesting \$4 million from the state for this endeavor. NAU will also be requesting \$4 million for faculty and staff retention and competitiveness. President Haeger then said that another \$7 million will be requested for the Flagstaff campus to deal with structural issues in its buildings. There is another \$1 million request for an Arizona math/science teacher's scholarship incentive program, and a request for \$2 million to allow NAU to continue to address the baccalaureate issue in the State of Arizona. Much of this money is being spent in cooperation with NAU's community college partners. Finally there is a request for \$1M for Arizona's environment both for the water institute and fire suppression.

President Crow stated that ASU's student body has grown by 13,000 students since he took office. ASU needs to expand capacity to provide educational services at the highest possible quality and also to be of greatest utility to the State of Arizona in the area of innovation.

The core budget needs of ASU are: \$17 million is requested to deal with enrollment growth; utility cost increases have been dramatic and they have asked for \$5.5 million to cover that cost; ASU is requesting \$15 million for student success, which are funds to help expand ASU's faculty, increase the number of academic advisors, and lower class size; and \$10 million for capital debt financing for the accelerated deployment of activities associated with the medical school on the Phoenix Biomedical campus and associated research activities.

President Shelton stated that he agreed with President Haeger on the critical nature of receiving continued support for facilities and utilities. If the universities don't get funds for those kinds of things then the universities have to pull the money from elsewhere. The UA decision packages are based on two premises: (1) identifies needs that are critical to the State of Arizona and (2) looking to see where the UA has distinctive unparalleled strengths so it could contribute to those needs in a unique way. President Shelton said that he wanted to highlight two of his requests: the College of Medicine Phoenix program and the UA College of Pharmacy Phoenix Program. These two place holders represent a significant commitment on the part of the University of Arizona to accelerate the growth of these programs on the Phoenix Biomedical Campus. The amount of funds needed will be determined by how quickly they can accelerate these programs and how quickly they can get money for capital facilities in place.

Regent Boice asked about the enrollment growth figure for this year. President Shelton stated that enrollment growth was going to be small this year, but the university was going to begin working on accelerating the growth of its undergraduate class for future years. Regent Boice suggested that the Regents consider prioritizing the universities' budget requests in a manner that would address the needs of the university system as a whole.

Governor Napolitano provided feedback on the types of questions she would have relative to the preliminary budget requests.

Regent Calderón stated that he believed that the University presidents should prioritize their requests so that the Regents will be able to see what the presidents believe their priorities are.

**FY 2006 Technology and Research Initiative Fund (TRIF) Annual Report (Board Agenda Item #4)**

Kathy Bedard, Central Office, Jonathan Fink, ASU, Bill Grabe, NAU and Leslie Tolbert, UA, joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to approve the Technology and Research Initiative Fund Annual Report for the fiscal year ended June 30, 2006. As part of this Report, the Board may also consider allocating a portion of the overrealized TRIF revenue for capital facilities planning for the University of Arizona College of Medicine – Phoenix.

Kathy Bedard stated that this was a draft of the report to be submitted to the Governor and the Legislature on September 1, as required by statute. The Board approved FY 2006 TRIF projected revenue was \$55.3 million. Combining this projected new revenue with the actual carry forward from the prior year the FY 2006 budgeted expenditure plan was \$77 million. FY 2006 was a good year and the actual new TRIF revenue received by the Board was \$67.5 million. This resulted in \$12.2 million of overrealized TRIF revenue. Total TRIF expenditures in FY 2006 were \$58.5 million.

Kathy Bedard then explained the formula used to calculate ROI's. She stated that all of the gifts, grants and contracts dollars that were generated by each TRIF project for FY 2006 were totaled, and that became the numerator of the calculation. That number was divided by the total FY 2006 TRIF expenditures for each project.

Regent DeConcini asked how you determine future 2008, 2009, and 2010 budget numbers. Kathy Bedard responded that budget projections are based on the actual of what is received in the prior year. Kathy Bedard stated that the rate of increase will slow or increase, but history shows that the base amount of funds collected does not decrease.

Regent Boice stated that TRIF is the centerpiece of what the university system is doing when you give the university system more money. He stated that he wanted to be very sure that all three universities are calculating the ROI in exactly the same way. He asked if the universities were comfortable with the calculation used to get to the ROI. President Crow said he believes this is a very limited calculation of the return on investment. It does not include other non-TRIF resources that have been invested, nor the impact of non-TRIF investments in areas related to and parallel with the TRIF investments that have been made, nor does it capture the full impact of the return. President Crow said he agrees that there should be a unified calculation and this is a step in that direction. Regent Boice said that he wants something that is measurable and specific.

Dr. Tolbert stated that the performance analysis table that is produced for each TRIF initiative does allow us to do some of the things that President Crow stated. You can show items such as how many students have been impacted, how many patents have been filed and how many spin-off companies have been created, etc. Her hope is that the Board would read the entire performance analysis list for each initiative because they are all different.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved the FY 2006 Technology and Research Initiative Fund Annual Report, for submission to the Governor and the Legislature to meet the September 1, 2006, due date.

Regent Bulla then brought up the matter of the overrealized TRIF funds which were discussed at the morning's retreat. He stated that there will be approximately \$12 million of overrealized funds. All three university presidents have been working together to look at a number of initiatives, but the planning for the medical school is a priority and needs to be expedited and President Crow and President Shelton have each agreed to use \$750,000 of their TRIF funds to expedite the planning for the medical school. Both presidents will serve as co-chairmen of a planning committee that will look at the medical school expansion, the School of Pharmacy, allied health issues and all the other issues that need to be done for that campus.

Upon motion by Regent Bulla, seconded by Regent Stuart, the Board unanimously allocated \$1.5 million of over-realized TRIF revenue to support a planning process for the expansion of the University of Arizona College of Medicine-Phoenix, subject to the presidents of the University of Arizona and Arizona State University submitting to the President of the Board of Regents, for review and approval, a joint planning proposal that includes the scope of the needed planning process for the University of Arizona College of Medicine-Phoenix capital facilities, a structure for that planning process that includes President Shelton and President Crow participating as co-chairs, and directs this funding be allocated to the University of Arizona for administration, and that the process be completed this fall.

Governor Napolitano left the meeting.

**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" (Second Reading) (Board Agenda Item #5)**

Regent Calderón stated that the Board was being asked to approve 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 Calderón asked Regent Palacios to chair this item. Cathy McGonigle joined the meeting for this presentation.

Cathy McGonigle described the changes that occurred in the policy since the first reading. The policy was changed to clarify that the universities are required to have a student advising process relating to differential tuition and special program fees and to clarify that when

requesting differential tuition or special program fees, the universities must provide tuition and fee data from all other senior universities that also charge differential tuition.

Upon motion by Regent Palacios, seconded by Regent Boice, the Board approved the addition of Board Policy 4-100 and the revisions to Board Policies 4-104 and 4-105, as presented in the executive summary with Regent Calderón voting no.

**Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with ASU Head Baseball Coach (Board Agenda Item #6)**

Regent Calderón stated that the Board was being asked to approve a multiple-year employment contract for Patrick Murphy to serve as ASU Head Baseball Coach.

Upon motion by Regent Calderón, seconded by Regent Hermes, the Board unanimously approved the multiple-year employment contract for Patrick Murphy to serve as ASU Head Baseball Coach through June 30, 2011 at an annual salary effective July 1, 2006, of \$272,424, and as further described in the executive summary.

**IT/AZUN COMMITTEE**

Regent Palacios chaired this portion of the meeting.

**Report from the IT/AZUN Committee (Board Item #16)**

Committee Chair Palacios presented an oral report on the proceedings of the IT/AZUN Committee meeting which was scheduled for August 9, 2006.

Art Ashton jointed the meeting for this presentation.

Regent Palacios reported that the IT/AZUN Committee met Wednesday afternoon and received a progress report from AZUN. The indications are that the Phase I portal development activity is on track for completion this November. The Committee continues to monitor IT progress on centralization activities through a new report presented by the university Chief Information Technology Officers. The Committee will hear a presentation by the university Chief Information Technology Officers in September on what the universities are doing now in the area of collaboration and what are key IT performance measures. Specifications for an RFP to have an external consultant advise the committee on a number of IT matters is being developed. The Committee will focus on this after the study session in September.

**Optical Sciences Building Infrastructure Upgrade (UA) (Board Agenda Item #17)**

Regent Palacios stated that the Board was requested to review and approve the Optical Sciences Building Voice and Data Infrastructure Upgrade at a cost of \$739,744 as recommended by the IT Committee.

Upon motion by Regent Palacios, seconded by Regent Boice, the Board unanimously approved the UA Optical Sciences Building voice and data infrastructure upgrade project with a budget of \$739,744.

### **High Performance Computing (HPC) Project (UA) (Board Agenda Item #18)**

Regent Palacios stated that the Board was requested to review and approve the UA's plan to replace its Supercomputer System with a higher capacity system at a cost of \$2,445,000 over a three-year term, as recommended by the IT Committee.

Upon motion by Regent Palacios, seconded by Regent Boice, the Board unanimously approved the UA's project to replace its High Performance Supercomputer system with a higher capacity system for an anticipated budget of \$2.5M over a three-year term.

## **PROGRAMS COMMITTEE**

Regent Jewett chaired this portion of the meeting.

### **Academic Program and Organizational Unit Change Requests, and Summary Report on Program and Organizational Changes Approved by the Executive Director (Board Agenda Item #8)**

Stephanie Jacobson, Elizabeth Capaldi and Liz Grobsmith joined the meeting for this presentation.

President Crow introduced Betty Capaldi. Dr. Capaldi is an academic psychologist who became the president of the American Psychological Society and spent her academic career at Purdue and then became Provost at the University of Florida, then Provost at the State University of New York at Buffalo, and then System Vice Chancellor of the State University of New York system. She brings immense talent, and experience and ASU is excited that she is here. Her title is University Provost and Executive Vice President.

Dr. Capaldi presented Arizona State University's requests as follows:

#### Arizona State University requests to plan:

BA in Religious Studies and Applied Ethics (Interdisciplinary Arts and Sciences/West), MA In Social Justice and Human Rights (Interdisciplinary Arts and Sciences/West), Master of Applied Leadership and Management (ALM) degree (Global Management and Leadership/West), Master of Advanced Studies (MAS) degree in Geographic Education (Liberal Arts and Education/Tempe), Doctor of Nursing Practice (DNP) degree (Nursing/Downtown), and PhD in Tourism, Leisure, and Community Studies (Public Programs/Downtown and College of Human Services/West)

#### Arizona State University requests to implement:

Master of Nonprofit Studies (MNpS) degree (Public Programs/Downtown)

Arizona State University requests to establish:

School of Criminology and Criminal Justice and concurrently disestablish the Department of Criminal Justice and Criminology (College of Human Services/West)

Dr. Grobsmith presented Northern Arizona University's requests as follows:

Northern Arizona University requests to exceed the 64-credit transfer credit limit:

BS in Hotel and Restaurant Management to 75 credits from Scottsdale Community College, BS in International Hospitality Management to 75 credits from Scottsdale Community College, and BSN for RN's with associate degrees to 82 credits from specified Arizona community colleges.

Regent Palacios stated that she strongly supports NAU's requests and applauds their efforts to partner with the community colleges in ways that respond to both the concerns of students and the work force needs in our state.

Regent Jewett stated that he is particularly sensitive to the state's need for more nurses.

Dr. Grobsmith noted that these requests are consistent with one of the recommendations of the Joint Conference Committee to increase the transfer credits in select programs to facilitate both a seamless transition to a baccalaureate program and to increase the number and scope of university and community college partnerships.

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

The meeting recessed at 4:30 p.m. and reconvened at 9:25 a.m., on Friday, August 11, 2006, without Regent Horne.

**REPORT FROM THE ARIZONA FACULTIES COUNCIL**

Regent Bulla introduced Dr. Marcus Ford, the representative from the Arizona Faculties Council. Dr. Ford stated that much of higher education has nothing to do with spending or making money, higher education is about making us better people, uncovering the truth and making the world a better place for everyone. The AFC represents the men and women who, along with students, make up the university. They are committed to working with their home institutions, the administration and with ABOR to advance higher education in the State of Arizona. They meet regularly to determine how best to accomplish this and to facilitate communications throughout the university.

**CAPITAL COMMITTEE**

Regent Boice chaired this portion of the meeting.

**Authorization to Purchase the University Terrace Apartments at 925 North Tyndall Avenue, Tucson (UA) (Board Agenda Item #9)**

Ted Gates and Joel Valdez joined the meeting for this presentation.

Regent Boice stated that the University of Arizona was requesting authority to purchase the University Terrace Apartments at 925 North Tyndall Avenue. The property consists of a 19-unit apartment complex containing 12,967s.f. which is situated on 0.44 acres of land. The purchase price of \$1.9M will be funded from local funds and land sale proceeds. The Capital Committee reviewed this item at its July 11, 2006, meeting and recommended Board approval.

Upon motion by Regent Jewett, seconded by Regent DeConcini, the Board unanimously approved the request for authority to purchase the University Terrace Apartments at 925 North Tyndall Avenue, as presented in the executive summary.

**Academic Renovations and Deferred Maintenance Phase IIA, Revised Project Implementation Approval (ASU) (Board Agenda Item #10)**

Ted Gates and Rich Stanley joined the meeting for this presentation.

Regent Boice stated that Arizona State University was requesting Revised Project Implementation Approval for the grouped projects within the Academic Renovations and Deferred Maintenance Phase IIA project at a total cost of \$10M. The sale of System Revenue Bonds will fund the project, and the debt service will be funded from tuition, other local funds, and indirect cost recovery. The Capital Committee reviewed this item at its July 11, 2006, meeting and recommends Board approval.

Rich Stanley stated that this project is made up of different components. The Board approved the initial Project Implementation in 2005. ASU is now looking for approval on specific projects. Phase IIA will focus on eleven different projects that have been planned in more detail or formalized and are now ready to be brought forward for Revised Project Implementation Approval. These projects are backfill renovation projects made possible by departments moving to ASU at the Downtown Phoenix campus; classroom renovations and upgrades intended to enhance the student experience and renovations for newly hired faculty.

President Crow stated that he hoped the Capital Committee might look at projects and the process to get them approved, because there are some times when time is of the essence and this process is not set up for speed.

Upon motion by Regent Boice, seconded by Regent Hermes, the Board unanimously approved Arizona State University's revised Project Implementation Approval for the Academic Renovations and Deferred Maintenance Phase IIA project, as presented in the executive summary.

**Authorization to Amend Lease with Campus Research Corporation at UA Science and Technology Park (UA) (Board Agenda Item #11)**

Ted Gates and Bruce Wright joined the meeting for this presentation.

Regent Boice stated that the University of Arizona was requesting authority to amend the Lease with the Campus Research Corporation (CRC) for portions of the UA Science and Technology Park. The Capital Committee reviewed this item at its July 11, 2006, meeting and recommends Board approval.

Bruce Wright stated that the Capital Committee has been reviewing this matter. The Campus Research Corporation is the entity that helps manage, develop, lease and operate portions of the Science and Technology Park. The lease would extend the term of the lease to 2033 allowing CRC to engage in negotiation and implementation of viable commercial leases. It would require all new leases of 25,000 square feet or more and any lease renewals of 50,000 square feet or more to be reviewed by the Capital Committee, as well as all ground leases within the project to be reviewed by the Capital Committee. It also requires the CRC to make an annual written report to the Executive Director of the Board and allows for the appointment of a Board representative to the Board of Directors of CRC who would also serve on the executive committee of the Campus Research Corporation.

Upon motion by Regent Boice, seconded by Regent Bulla, the Board unanimously approved the University of Arizona's request for authority to amend the Lease with the Campus Research Corporation (CRC) for portions of the UA Science and Technology Park as presented in the executive summary.

Regent Bulla stated that he had appointed Regent Boice to be the Board representative.

**UPDATE ON THE UNIVERSITY OF ARIZONA COLLEGE OF MEDICINE – PHOENIX (COM-Phoenix)**

Regent Stuart introduced Beth Schermer, Vice President for Administration for the COM-Phoenix, who updated the Board on the University of Arizona COM-Phoenix.

Beth Schermer stated that the University of Arizona COM-Phoenix program continues to move rapidly in establishing the new four-year program, in collaboration with ASU. The renovation of the Phoenix Union High School buildings is nearing completion. The ceremony marking the opening of these three buildings will be held on October 10.

Ms. Schermer continued by stating that construction on ABC1 continues, with an estimated completion date of July 2007. The faculty is eager to move into this new research facility. The recruitment for the Vice Dean for the Phoenix Program is progressing. The search committee has identified five candidates from the initial interviews.

Ms. Schermer further stated that the development of the academic program is moving at remarkable speed toward accreditation. The University of Arizona COM-Phoenix is very

fortunate to have the new dean of academic affairs, Dr. Stuart Flynn, with us today to describe these activities.

Ms. Schermer stated that Dr. Flynn joined the College of Medicine in April and comes to us from Yale Medical School, where he was a professor of pathology and surgery. Dr. Flynn was the director of medical studies at Yale. He oversaw the basic medical science curriculum and was one of six elected leaders responsible for the design and implementation of the Yale Medical School curriculum. Dr. Flynn was also the director of the pathology residency training program.

Dr. Flynn stated that he was going to give a brief overview of the faculty, the curriculum and the infrastructure. In regards to faculty, there has been a handful of new faculty hired for the Phoenix campus. They are world class researchers, but they are also world class teachers. A number of ASU faculty will be part of the faculty cohort. The collaboration of the two universities is seamless. The plans are to continue to keep teachers on the front line and start to focus individuals in various research endeavors.

Dr. Flynn then discussed curriculum. The COM-Phoenix will use as their template ArizonaNet, which is the curriculum that the Tucson campus has been developing over the last couple of years. It was unveiled in the last week and is being met with very nice reviews from the incoming class. The Phoenix campus has taken that curriculum and started to mold it to fit their mission, passion and philosophy. There are three components that are different and have tremendous merit. One is a longitudinal clinical experience, which means that almost from the day that a student arrives on the campus, they will be matched with several families in the Phoenix area and will follow their journey through medicine until they graduate. If this succeeds, he believes that COM-Phoenix will graduate a new generation of physicians that will view the medical community and the process very differently than the way physicians do now. Another area that we are bringing into the curriculum is a scholarly project. This is where each student will have a single mentor, the student and the mentor will devise a scientific question to be answered that is pertinent to that student's interest and over four years, hopefully, that question will be answered. Lastly they are going to introduce our students to learning communities. David Young from Arizona State has championed this, guided it and has been a phenomenal mentor for this concept. The intent of this is to bring these students from their scholarly projects back together to share the things that are going on in their projects and the COM-Phoenix will overlay various curricular components such as ethics, professionalism and humanism.

Dr. Flynn then stated as far as infrastructure, the COM-Phoenix has just hired a Dean of Students and a librarian for the Phoenix campus.

Beth Schermer closed by stating that the COM-Phoenix is preparing for the accreditation process. It is important for the COM-Phoenix to expand as quickly as possible in order to address the physician shortage in Arizona and to provide an academic medical hub for multi-disciplinary clinical translational research in Arizona. The COM-Phoenix is considering plans to accelerate the growth of the Phoenix Program. This work is in its early stages, but the COM-Phoenix hopes to develop a plan for this, in collaboration with ASU in the next months. Whether the Phoenix program growth proceeds on the planned or accelerated timetable, new medical education and research buildings on the Phoenix Biomedical Campus need to be

developed promptly. The expansion of the medical and research buildings on the Phoenix Biomedical Campus is important not only to expand the size of the Phoenix class, but also to further our collaborative, multi-institutional translational research efforts. With the approval yesterday of the joint proposal submitted by the UA and ASU for use of over-realized TRIF funds, COM-Phoenix can begin planning immediately for ABC2 as well as for the education building. This will help to place the statewide clinical translational coalition in a very competitive position in vying for a full NIH Clinical and Translational Science Award of up to \$6 million a year.

Regent Stuart then asked President Shelton how others around the country are viewing this endeavor. President Shelton stated that it is no over statement to say that the entire medical education community around the country has its eye on this development. This project is highly visible.

## **PUBLIC AWARENESS COMMITTEE**

Regent Boice chaired this portion of the meeting.

Michael Hunter and Anne Barton joined the meeting for this presentation.

### **Plan for Establishing a Credit Hour Threshold Surcharge (Board Agenda Item #12)**

Regent Boice stated that the Board was being asked to review and approve 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 as required by A.R.S. §15-1626.

Michael Hunter stated that during the course of the legislative session, the universities made a series of reports to the legislature on the number of FTE's exceeding the threshold. The original budgeted reduction calculated by JLBC, based on 1,484 FTE, was \$7,965,400. After applying the exemptions that were ultimately enacted in 2006, the universities reported a total of 183 student FTE's who exceeded the 155 credit hour threshold in FY 2004-2005. Using JLBC's methodology that was intended to reduce university appropriations by \$5,368 per FTE, the total reduction would be \$981,915. However, the FY 2007 adopted state budget reduced university funding by \$1,924,900. It is unclear what data was used to determine this amount.

Mr. Hunter stated that there is a footnote included in HB 2683 which requires that the Board of Regents report to the JLBC by August 31, 2006, on its plan for establishing a differentiated tuition and fee rate structure for students who have earned credit hours in excess of the credit hour threshold. He stated that the proposed plan for establishing a surcharge for students who exceed the credit hour threshold will be as follows: (1) proposed surcharge amounts for students who exceed the statutory credit hour thresholds shall be included with the university presidents' tuition and fee recommendations for the 2007-2008 academic year. (2) University and Board staff will continue their analysis of cases where students exceed the credit hour threshold. (3) The analysis will contain sufficient detail to help the Board understand the factors that resulted in the students exceeding the credit hour threshold and (4) Based on that analysis, university and Board staff will also make recommendations for policies or practices

that would help universities understand and comply with the legislative intent of the credit hour threshold statute, including exemptions, and help ensure that undergraduate students are pursuing their educational goals as efficiently as possible.

Upon motion by Regent Boice, seconded by Regent Jewett the Board unanimously approved the plan for establishing a surcharge for students who exceed the credit-hour threshold as presented in the executive summary.

### **Approval of Public Awareness Plan – FY 2006-2007 (Board Agenda Item #13)**

The Board is requested to review and approve the Public Awareness Plan for FY 2006-2007.

Regent Boice stated that he knows how important it will be this year for the Board to enhance its public awareness outreach and to strengthen its relationships with the Legislative and Executive branches of state government and to be very involved with increasing public awareness through a range of advocacy efforts. He stated that he and Regent Bulla are planning to devote as much time as possible this year to policy discussions with the Governor, leadership in the House and the Senate, the chairs of the higher education committees, and other legislators. Regent Boice and Regent Bulla hope to stress the universities' funding needs, including the importance of faculty and staff salaries, building renewal, and other high-priority budget requests as well as having substantive discussions with policymakers and the business community about the value of university programs and services. Regent Boice stated that it is also important to reinforce the many positive steps the Board is taking related to community college and university partnerships and how the Board is improving access to affordable baccalaureate degrees across the state. The Legislative Affairs Committee will be active this year, guiding the Government Affairs Group as the legislative session gets underway and during the session. Board members' input throughout the year on how the Board can enhance communications and outreach will be appreciated. Regent Boice stated that although he and Regent Bulla will have the primary responsibility for working with the Legislature and other policymakers, he hopes each of the Board members will be available to assist with the Public Awareness effort when needed.

Anne Barton then presented the Public Awareness Plan as described in the executive summary. The plan sets out, rather broadly, the Board's approach on increasing the public awareness of the value of the university system. The plan has been divided into three major categories: Awareness and Advocacy - Legislative and Executive Branches; Citizen and Community Outreach; and Media Outreach.

Regent DeConcini stated that he felt the plan should be revised in regard to outreach to include not only the business community, but other community groups and stakeholders as well, such as professional communities, teachers associations, nurses, bar association, etc. He further suggested that the Board enlist the support of students in its advocacy efforts. He then asked how does the Board determine whether it has succeeded or not.

Regent Hermes suggested that the plan incorporate a reference to outreach to the K-12 community.

Upon motion by Regent Boice, seconded by Regent Jewett, the Board unanimously approved the Public Awareness Plan for FY 2006-2007 including the suggestions regarding outreach by Regents DeConcini and Hermes.

**Recommendations Relating to the Advisability of Revising Board Policy 2-103, Enrollment (Board Agenda Item #14)**

Regent Boice stated that the Board was being asked to review matters relating to the Board's Enrollment Policy as required by state statute and to approve the recommendations presented in the executive summary relative to the advisability of revising Policy 2-103.

Michael Hunter explained that the JLBC has requested that a Board representative be available for a hearing, tentatively scheduled for September 21, 2006, to inform the Legislature of the Board's recommendations relating to enrollment matters pursuant to amended state statute, which asked the Board to review and make recommendations regarding the necessity of minimum requirements for students enrolled in classes to qualify for appropriations, including requirements that "the class be a for-credit course that is necessary for the completion of a degree" and "that the student enrolled in the course be physically present in this state at the time the course is conducted"; and whether each professor or instructor should be required to review class rosters and make additions or deletions as necessary.

Mr. Hunter stated that Board and university staff have met and reviewed each of these matters to evaluate their feasibility and impact on the university system. Staff recommendations are summarized below:

The necessity of minimum requirements for students enrolled in classes to qualify for appropriations.

Board staff is analyzing this matter and has been compiling a document that provides the historic and practical rationale for Board policy relating to exclusions from student full time equivalent counts for state funding purposes. Staff has not identified any changes to policy. Staff will continue to explore whether any policy clarifications are necessary and will bring any proposed changes to the Board for review. It is recommended that ongoing, continuing communication with legislators and others take place on this issue.

Requirement to qualify for state appropriations that "the class be a for-credit course that is necessary for the completion of a degree."

Non-credit classes, such as "outreach" programs, are not included in student FTE counts for state funding purposes. Credit courses may or may not be "necessary for the completion of a degree" depending upon specified requirements of a degree program. No changes to Board policy are necessary. Staff recommends that communications with legislators include an explanation of current Board policy and practice relating to credit and non-credit courses.

Requirement to qualify for state appropriations that the student enrolled in the course be physically present in this state at the time the course is conducted.

There are numerous programs and course offerings that involve students who may not be physically present in Arizona at the time the course is conducted. Examples include students in foreign exchange and study abroad programs, military personnel or spouses, or other non-

resident students under a variety of circumstances. Staff does not recommend revising Board policy to require students enrolled in courses to be physically present in the state at the time the courses are conducted.

Whether each professor or instructor should be required to review class rosters and make additions or deletions as necessary.

Currently, registrars work closely with university departments or colleges to maintain and update class rosters. The fact that, by Board policy, tuition must be paid by the 21st day, has proven to be a motivating factor for students to rectify issues associated with class rosters. Staff does not recommend revising Board policy.

Upon motion by Regent Boice, seconded by Regent Hermes, the Board unanimously approved the recommendations relating to the advisability of revising Board Policy 2-103, Enrollment, as presented in the executive summary.

## **ADMINISTRATIVE BUSINESS**

Regent Bulla chaired this portion of the meeting

### **Appointment to University Medical Center Corporation (UMCC) Board of Directors (Board Agenda Item #19)**

Regent Bulla stated that the Board was being requested to approve the appointment of Robert Shelton, President of the University of Arizona, to the University Medical Center Corporation Board of Directors.

Regent Boice declared a conflict and recused himself from voting as he is a director on the University Medical Center Corporation Board.

Upon motion by Regent Calderón, seconded by Regent Jewett, the Board unanimously approved the appointment of Robert Shelton to the University Medical Center Corporation Board of Directors.

Regent Calderón asked if the Board could receive information regarding Board membership for UMCC, the Campus Research Corporation Park Board and the Biotech Park.

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

The Regents thanked Michael Crow, ASU and all of the staff for a job well done in hosting this Board meeting.

**ADJOURNMENT**

The meeting adjourned at 11:30 a.m.

SUBMITTED BY:

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Peggy Martin  
Secretary to the Board

APPROVED BY:

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Robert B. Bulla  
President

ATTEST:

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Anne Mariucci  
Assistant Secretary