

ARIZONA BOARD OF REGENTS
MINUTES OF A SPECIAL BOARD MEETING
MAY 19, 2007

A special meeting of the Arizona Board of Regents was held May 19, 2007, at Arizona State University, Memorial Union in Tempe, Arizona. President Bulla called the meeting to order at 9:05 a.m., on Saturday, May 19, 2006.

Present: Regent Fred Boice
 Regent Robert Bulla
 Regent Ernest Calderón
 Regent Fred DuVal
 Regent Edward Hermes
 Regent Anne Mariucci
 Regent Christine Palacios
 Regent Gary Stuart
 Regent Mary Venezia

Absent: Governor Napolitano
 Superintendent Horne
 Regent Dennis DeConcini

Also present were President Crow (by telephone), Christine Wilkinson and Lori Briese, Arizona State University, President Shelton and Judith Leonard, University of Arizona, President Haeger and MJ McMahan, Northern Arizona University and Executive Director Joel Sideman, Secretary to the Board Peggy Martin, Board Counsel Nancy Tribbensee, Cathy McGonigle, Stephanie Jacobson and Art Ashton, Central Office.

Upon motion by Regent Boice, seconded by Regent Stuart, President Bulla called the meeting to order at 9:05 a.m. Regent Bulla welcomed Alceste Pappas from the Pappas Consulting Group to the meeting. He stated that he felt it was important that the Board discuss the items that were presented in the discussion draft to make sure that there is consensus regarding what the Board will work on and that the appropriate items are being covered.

He then introduced Al Pappas. Ms. Pappas stated that this document was prepared for the purpose of discussion. The only items listed were the ones to be discussed. The final report will set a broader context for the report.

Ms. Pappas then stated that she and three other consultants met with 63 people to create the pro forma for review of committees and assessment of the Board. Ms. Pappas discussed the methodology used, the characteristics of governing boards, the characteristics of coordinating boards as well as the national context and the Arizona context of the various issues.

Ms. Pappas stated that many states have systems with Chancellors, where the Chancellor is responsible for the day to day operations of the campuses. Some of the systems include community colleges and some do not. The size of the systems staff vary from 1200 staff down to 140 staff. All of these systems have more institutions than Arizona does. She stated that there was no other system that was as small as Arizona's. She also stated that every system has its own idiosyncracies.

In Arizona the Presidents of the universities and the Executive Director report directly to the Board of Regents. The Presidents and the Executive Director make up the Council of Presidents. The Executive Director has a great deal more influence because he/she is the institutional memory and the President of the Board only has a one year term. The Board needs to work on where it wants to go as a system which would help define the role of the Executive Director.

Regent DuVal stated that he felt the one-year presidency leads to the President of the Board pushing his agenda which makes the pendulum swing excessively from one agenda to another.

Regent Bulla stated that the Board was working on a strategic plan process and it would be worked on extensively this summer. The strategic plan needs to be well-thought out, with a broader base, and this will help the Board in determining where it wants to go as a system .

Ms. Pappas stated that one of the big differences between our model and the Chancellor model was the Regents can make direct contact with university personnel. In many other systems the Regents can not make direct contact with the universities. They must go through the Chancellor. In the model that Arizona has now, the Executive Director is different than a Chancellor. The Executive Director is a facilitator and a consensus builder, where Ms. Pappas believes that a Chancellor has more authority.

Regent Palacios asked if more Board members in other systems were elected or appointed. Ms. Pappas responded that most were appointed.

President Crow stated that there was always the option of separate boards. Ms. Pappas stated that she really didn't think the Board should go in that direction. The legislature is much more amenable to working with this system because there is a coherent strategy set and the legislature is not bombarded with requests from multiple boards. Ms. Pappas stated that a well-tuned strategic plan and a well-tuned governance plan were more appropriate.

Ms. Pappas stated that she believed ABOR had not clearly defined its roles and responsibilities vis a vis its institutions. She stated this is an opportunity to look at delegation, an opportunity to clarify roles to enable the Board to manage more effectively and efficiently the day to day operations of the universities. She suggested that the Board should define optimal levels of delegation to meet fiduciary and other

legal responsibilities while empowering the three institutions and developing and implementing MOU's. She suggested that the Board look at the SUNY system of MOU's which were used to set out specific guidelines, responsibilities and reporting structures. She also suggested that the Board look into the possibility of a compact with the legislature regarding funding for the universities.

Regent Mariucci asked for an example of actions that were routinely delegated to the institutions. Ms. Pappas stated that a good example would be human resources. Each university should be responsible for its own human resources and then have guidelines about reporting back to the Board. Regent Mariucci stated that determining what items could be delegated would be a part of the strategic planning process.

Both Regent Mariucci and Regent DuVal stated that that the Board needed to identify predictable, sustainable procedures and then those items should be memorialized in an MOU. The MOU would state who does what and what the reporting responsibility are.

Joel Sideman stated that delegations and expectations are currently set forth in the ABOR policy manual and there might be some items that would just require a policy change. Regent Palacios stated that she liked the idea of the MOU's because she thought it would be more specific about who was doing what.

Regent Stuart stated that this concept was similar to what he was trying to do with the new Academic Affairs Committee. He wanted to draft a charter that would be very specific about who was responsible for what and he was hopeful that the end results would be that the Committee would deal with the issues and the Board would only have to see the bigger picture.

Regent Mariucci asked Joel Sideman to lead the effort to look at the concept of MOU's.

Ms. Pappas stated that she thought the Board had inadequate "levers of change." She suggested that the Board modify its Presidential Search and evaluation processes and work with state funding partners in an effort to secure more authority over budget allocations and reallocations.

Regent Stuart stated that he felt our search process worked exceptionally well and did not need to be modified.

Regent Bulla stated that in regards to the presidential evaluation process, the Board has come a long way in improving this process and would continue to discuss the evaluation process and the timing of same. Regent Bulla then suggested that the Human Resources Committee work on suggestions for improving the evaluation process.

Regent Mariucci asked if more authority over the budget was realistic. Regent Palacios stated that she felt it was an important issue and we should try to go forward with it. Regent Bulla stated that the Board was already looking at alternative funding models in conjunction with some of the legislators. Regent Palacios stated that this could be

embedded in the long-term strategic plan. President Shelton said the Board needs to be careful, that the central funding process in California produced little results. President Crow and President Haeger both thought a discussion of the funding formula would be beneficial. President Crow suggested that the Board could design alternative systems and then do test runs to see how the systems would work. He also felt the Board needed to factor in structural incentives and focus on collaborative objectives.

Regent Calderón stated that he supported looking at options and asked if the central office had the resources to take on this project.

Regent Bulla stated that this is a conversation that will be included in the strategic planning discussions.

Ms. Pappas said that she did not believe the Board's role with regard to the K-12 system, the community colleges, the state P-20 initiative, and the business community had been clearly articulated. She suggested that the Board work with others to assist in increasing the number of college-ready graduates, focus on teacher preparation, seek master-articulation agreements with community colleges, play a role in any P-20 planning efforts and develop stronger relationships with the business community. She thought the Board should take a look at agreements with the outside business community. She suggested looking at what the Texas system had done.

Regent DuVal stated that he thought many of these items were being dealt with by Arizona's Solutions for the Future.

Regent Stuart stated that he didn't think much change was needed here and he believed that the Board was doing most of these things now. Regent Bulla stated that there is always room for improvement. We have started some of the items but there are still things to be done. President Haeger stated that he hoped that, in the near future, we can put to bed the issue of who can issue baccalaureate degrees.

Ms. Pappas stated that she also felt the issue of baccalaureate degrees needed to be dealt with. She further stated that the Board did not want to end up like the state of Florida.

Regent Calderón posed the question of how do we put the baccalaureate degree question to rest. He also stated that the P-20 Council was putting out a study of how K-12/Community Colleges/Universities should interact. He was worried that this might be another shoe dropping. Regent Palacios stated that studying it and doing it are very different. She felt these items should be a part of the strategic plan process.

Regent DuVal stated that if he understood what the discussion was, everyone agreed that working with the Superintendent/others to assist in increasing the number of college-ready graduates, playing a role in any P2- planning efforts, and developing stronger relationships with the business community would continue to be a part of Solutions for Arizona's Future and focusing on teacher preparation and seeking master-

articulation agreements and exploring ways of offering degree completion and other programs on community college campuses would be a part of the strategic plan.

Al Pappas stated that she felt the Board has an unusual committee structure, does not vest significant responsibility in its committees, and has not determined the appropriate role for a committee of the whole.

She suggested that the Board reduce the number of committees, establish appropriate standing committees with charters, rely on committee members to do the work of committees, utilize a true consent agenda at the Board meeting, create a Strategic Planning Committee, focus approximately 50% of each Board meeting on items that are strategic in nature and hold committee meetings in conjunction with full Board meetings.

Gary Stuart stated that he was trying to do that with the Academic Affairs Committee. His concept would be to have the CAO's meet approximately twice a year, they would vote on the program issues and it would be reported to the Regents once a year at a regular Board meeting.

Ms. Pappas stated that she felt the Audit Committee should be expanded to assess system-wide risk.

Regent Bulla asked if it might make sense for "outsiders" to sit on committees. This could bring in additional expertise.

Regent Mariucci stated that she believed that with delegation comes more accountability. Committees would be responsible for assuring that the accountability piece of the item is taken care of. She further stated that she believed about 80% of the regular Board agenda will go away if the committees are utilized appropriately and the Board can focus more on strategic planning.

Regent Boice is worried about giving too much responsibility to the committees. He stated that if that happens, he is afraid that the Board will not be as informed as it needs to be.

Regent Bulla stated that the Board needed to work on committee charters for the core committees.

Regent Calderón stated that he liked the committee concept, but this is Arizona and the political climate is such that the Regents need knowledge and the ability to answer questions.

Regent DuVal said if he understood the conversations correctly that the Board would continue to discuss committees and he also felt that a discussion regarding the size of the Board would be appropriate as well. Further it was agreed that the Board would strengthen the role and responsibility of each standing committee subject to certain criteria that would be determined. The Board agreed to make the Strategic Planning

Committee the only committee of the whole and would work to devote more time to that matter. The Board would begin to rely on committee members to do work on their committees; and the Board would look into an appropriate schedule for holding Board meetings and when possible would hold committee meetings in conjunction with the Board meetings.

Regent Bulla asked what Ms. Pappas had in mind for an executive committee. Ms. Pappas stated that she felt it should be a three person committee including the President, the Vice President and one other member. This committee could deal with issues that came up between board meetings.

Regent Boice stated that he opposed an Executive Committee for a Board the size of this one. Ms. Pappas stated that the size of the Board should be addressed in the Strategic Plan

Regent Calderón stated that he thought maybe we did need an executive committee.

Joel Sideman stated that the issue needs to be thoroughly looked at because of the Open Meeting law. Depending upon the charter of the committee, their duties and responsibilities, it is possible that all of their meetings would be public meetings and would require notice.

Regent DuVal stated that he really believed that the size of the Board needed to be reviewed. If the Board could be expanded with no risk, he would be in favor of expansion. Right now Board members were doing double and triple duty on committees because there are so few people on the Board. Regent Bulla stated that this would be another reason to allow non-Board members to be members of committees.

The Board recessed at 11:30 a.m.

The Board meeting resumed at 11:50 a.m.

Al Pappas stated that she believed that the Board does not provide continuity of Board leadership nor does it determine Board leadership by the skill set needed for the tasks ahead. She suggested that the Board make the term of president a two-year term, elections should be based on leadership talent and the Board should have a Vice President rather than a President-Elect.

Ms. Pappas suggested that the Board use its time more wisely by utilizing the first day of the Board meeting for committee meetings and provide summaries and actions at the full Board meeting, spend approximately 50% of the Board meeting focused on strategic planning, reduce the number of items that come to the Board and suggested that presenters do "dry run" presentations to make certain that presentations are crisp, consolidated, and concise.

Regent DuVal stated that he would be in favor of no powerpoints or at least fewer powerpoints. Regents agreed that it was very time consuming and not productive when people presented powerpoints and then just read from them. Regent Palacios stated that the powerpoints with pictures could be helpful, but the ones with just words seemed to be counterproductive.

Ms. Pappas went on to suggest that the Board inventory all existing collaborations among the three universities and between the universities and the community colleges, and seek funding to enhance collaborative efforts.

Regent Palacios stated that the IT Committee has been looking at collaboration projects and there are endless opportunities, but they must focus on the major ones, not all.

Ms. Pappas stated that she believed that the Board needed to do an annual evaluation of its performance, develop a Board member evaluation process, set aside one meeting a year for Board development in a retreat setting, and develop a thorough orientation program for new Regents.

Ms. Pappas then stated that the Board should spend more time and attention looking at what is happening nationally. They should inventory key national higher education policy and conduct a gap analysis. The Board also needed to review its By-Laws and policies.

She then stated that the Board has been working to improve its audit function, however she believed that the Board was paying inadequate attention to enterprise-wide risk assessment, needed to establish and utilize an audit priority plan and needed to coordinate efforts with the state auditor. She further stated that she believed capital procedures were in need of significant strengthening and the Board lacked an enterprise-wide risk management program.

Regent Stuart asked if Ms. Pappas thought audit should be a Board function or should it be decentralized. Ms. Pappas stated that the program appears to be working well and it did not believe it should be changed.

Regent Mariucci stated that she did not think that the Board was auditing the correct things. Ms. Pappas urged the Board to look at the University of Texas system regarding SOX compliance.

Regent Boice stated that the Capital Committee was making good progress.

Regent Bulla stated that the committee chairs would take these matters up.

Ms. Pappas then stated that she believes the ABOR central office is understaffed. She stated that the Board needed to determine what skills were needed for the next phase of ABOR development and the Board should clarify the job descriptions of central office staff, determine the professional development needs of current staff and skill sets for

new positions, add to the staff in strategic areas, pay market rates to attract and retain staff, explore "loaned" staff from the universities for special projects and even establish internship opportunities for graduate students.

Joel Sideman stated that the Board needs to think about how to strengthen its staff to be able to do the new things that will be coming up in the future.

Ms. Pappas had used the words inadequately staffed in her draft report and Gary Stuart stated that the Central Office has performed very well. He stated that the staff was not inadequate, they were understaffed. Regent Boice stated that the staff's dedication is incredible and their work unbelievable. He also stated that he felt the word inadequate was not correct. Regent DuVal stated that the word should be changed to understaffed. Ms. Pappas stated that is what she meant - there was not enough staff. She also stated that the Board needed to look at salaries in the Central Office, make sure they were structured properly and make sure that people's titles were appropriate.

Regent Bulla stated that many of these items were being taken care of already. As examples, he mentioned that there was a new CFO on Board and that the legal position had been strengthened. He believed that more conversation was needed on this matter.

Ms. Pappas stated that she would begin working on the final document based on the discussions that occurred today and hoped to have a draft out within ten days.

Regent Calderón thanked Ms. Pappas for getting the Regents thinking. This product will guide the Regents to new and better opportunities.

Ms. Pappas stated that this is the time for change. She believes the Board has a great window of opportunity that will be closing in the next year or two. She wants the Regents to get ahead of the curve and take these suggestions seriously.

Regent Bulla stated that he believes the strategic plan needs to be in place by this summer. Regent DuVal stated that there is a sense of urgency.

Regent Boice reminded Ms. Pappas that the report needed to be put in context setting out all of the great work that has and is being done by the Board, the Central Office staff and the universities. Ms. Pappas stated that she will do that and will also discuss the incredible commitment of the Board members.

The meeting adjourned at 1:00 p.m.

SUBMITTED BY:

Peggy Martin
Secretary to the Board

APPROVED BY:

Robert B. Bulla
President