

MINUTES OF A MEETING



March 6 – 7 2008

Table of Contents

Contents

DISCUSSION WITH STATE BOARD OF EDUCATION (Board Agenda Item #1)	2
CONSENT AGENDA	7
*Minutes	7
CAPITAL COMMITTEE CONSENT AGENDA	7
*Lease of Real Property at the Polytechnic campus to Soaring Eagles Development, LLC, for use by University Public Schools Initiative (ASU).....	7
RESOURCES COMMITTEE CONSENT AGENDA	7
*Authorization to Approve New Awards (ASU).....	7
ACADEMIC AFFAIRS COMMITTEE CONSENT AGENDA	7
*Proposed Change to ABOR Policy 2-202, “Academic Degree Programs” (Second Reading)	7
*Approval to Appoint Regents’ Professor (NAU)	7
HUMAN RESOURCES COMMITTEE CONSENT AGENDA	8
*Approval of Appointment of Vice President for Instruction and Dean, University College (UA)	8
*Approval of Appointment of Vice President and Dean of the College of Public Programs (ASU).....	8
*Approval of Appointment of Vice President and Executive Vice Provost (ASU)	8
*Approval of Multiple-Year Employment Contract for Cross Country and Track & Field Director and Head Coach (NAU)	8
*Approval of Appointment of Vice President for Research (NAU)	8
CALL TO THE AUDIENCE	8
RECOGNITION OF STUDENT FROM ARIZONA STATE UNIVERSITY	9
PUBLIC AWARENESS COMMITTEE	9
Update on Solutions Through Higher Education	9
REPORT FROM P-20 COUNCIL	10
STRATEGIC PLANNING, BUDGET AND FINANCE COMMITTEE	11
Report from the Strategic Planning, Budget and Finance Committee	11
CAPITAL COMMITTEE	13

Proposed Revisions to Board Policies 7-101K, “Definitions,” and 7-102D, “Overview of the Capital Development Process and Phases” (First Reading)	13
Project Implementation Approval for the Interdisciplinary Science and Technology Building IV (ASU)	13
Lease of 9.5 Acres, with Option for Sale of up to 50% of Real Property on Rio Salado Parkway East of Rural Road to Laguna Pacific/Wolfe Company, and Waiver of Board Policy Requiring Public Auction (ASU).....	14
Project Approval for Indoor Basketball Practice Facility and Acquisition of Athletes’ Performance Institute (API) Facility (ASU)	15
AUDIT COMMITTEE	16
Audit Committee Report to the Board.....	16
PUBLIC AWARENESS COMMITTEE (continued)	17
Update on Budget Deliberations and Legislative Activity.....	17
REPORT FROM THE PRESIDENT OF ARIZONA STATE UNIVERSITY	18
ARIZONA MINORITY EDUCATION POLICY ANALYSIS CENTER (AMEPAC) REPORT..	19
RESOURCES COMMITTEE	20
Report on the Tuition Task Force Committee	20
Revised FY 2008 Technology and Research Initiative Fund Regents Innovation Fund Budget.....	20
Setting of 2008-2009 Rates for Residence Halls (ASU, NAU, UA), Leased Apartments (UA), Family Housing Apartments (ASU, NAU), and Meal Plans (ASU, NAU)	21
HUMAN RESOURCES COMMITTEE	24
Approval of the Proposed Amendment of Multiple-Year Employment Contract of Head Football Coach (ASU)	24
Approval of Appointment of Executive Vice President and Provost (UA)	25
REPORT FROM THE ARIZONA FACULTIES COUNCIL	25
INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE COUNCIL OF PRESIDENTS	25
ADJOURNMENT.....	25

**MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
Thursday and Friday, March 6-7, 2008**

A Meeting of the Arizona Board of Regents was held March 6 and 7, 2008, in Old Main, Arizona State University, Tempe, Arizona.

President Boice called the meeting to order at 8:06 a.m.

Present: Regent Fred Boice
 Regent Robert Bulla
 Regent Ernest Calderón
 Regent Dennis DeConcini
 Regent Fred DuVal
 Regent LuAnn Leonard
 Regent Anne Mariucci
 Regent Bob McLendon
 Regent David Martinez
 Regent Mary Venezia
 Superintendent Tom Horne (Thursday morning only)

Absent: Governor Janet Napolitano

Also present were President Michael Crow, Dr. Christine Wilkinson, Ms. Carol Campbell, Mr. Rich Stanley, Ms. Lori Briese and Mr. Paul Ward, Arizona State University, President John Haeger, Dr. Elizabeth Grobsmith, Mr. Dave Harris, Mr. M. J. McMahon, Mr. Mark Neumayr and Ms. Kathe Shinham, Northern Arizona University; President Robert Shelton, Ms. Edith Auslander, Ms. Judith Leonard, Mr. Mike Proctor, Ms. Carla Nunn, Dr. Gene Sander, and Mr. Joel Valdez, University of Arizona; Executive Director Joel Sideman, Secretary to the Board Peggy Martin, Board Counsel Nancy Tribbensee, Dr. Art Ashton, Ms. Kathy Bedard, Ms. Gale Tebeau, Ms. Christine Thompson, Ms. Anne Barton, Ms. Stella Galaviz, Dr. Mark Denke, Mr. Lorenzo Martinez, Dr. Sandra Woodley, Ms. Cathy McGonigle, Ms. Stephanie Jacobson, and Mr. Dan Anderson, Central Office, Ross Meyer, Darcy Renfro and Dr. George Watson, Arizona Faculties Council.

All lists, reports, summaries, background materials and other documents referred to in these minutes can be found in the March 6-7, 2008 Documents Files.

Regent Boice introduced and welcomed the two new Regents. LuAnn Leonard has served as the Executive Director of the Hopi Education Endowment Fund since 2002. She previously served in the Office of the Chairman of the Hopi Tribe and as Director of the Office of Youth Affairs for the Tribe. She is a graduate of Northern Arizona University. Bob McLendon served in the Arizona House of Representatives from 1983 until 2001, where he served for a time as House Democratic leader. He subsequently served on the Yuma County Board of Supervisors before retiring from elected office in 2004. From 1961 until 1998, Mr. McLendon taught American History and Government at Yuma High School. He is a graduate of Arizona State University.

DISCUSSION WITH STATE BOARD OF EDUCATION (Board Agenda Item #1)

Regent Boice then stated that the first order of business was a discussion with representatives of Arizona's State Board of Education on issues of mutual concern related to improving the education pipeline.

Regent Boice introduced and welcomed Dr. Vicki Balentine, President of the State Board of Education and Superintendent of the Amphitheater School District; Dr. Karen Nicodemus, Immediate Past President of the State Board of Education and President of Cochise College; Jacob Moore, Vice President of the State Board; and Vince Yanez, Executive Director of the State Board. Stephanie Jacobson and Darcy Renfro also joined the meeting for this presentation. Regent Boice also reminded everyone that Superintendent Horne and President Haeger were also members of the State Board of Education.

Both of the Boards are concerned about the status of education in the State of Arizona. Today there will be an opportunity to learn about some of the State Boards efforts as well as to discuss possible ways in which we may be able to work together to improve the education pipeline.

In the first portion of the meeting high school graduation standards were discussed. Vicki Balentine stated that an increase in student achievement and degree attainment is one of the State Board of Education's goals. Karen Nicodemus will be discussing the on the American Diploma Project, Vince Yanez will review the changes in requirements for high school graduation, Jacob Moore will discuss the Board's perspective on these changes and why the flexibility that is written into the rule is important.

Karen Nicodemus stated that ACHIEVE, Inc., was created by the nation's governors and business leaders. It is a bipartisan, non-profit organization that has articulated key policy platforms to help states prepare all young people for postsecondary education and training, careers, and citizenship. It raises graduation requirements, academic standards, improves assessments and strengthens accountability. In 2005 32 states joined with ACHIEVE to form the American Diploma Project Network, which is a coalition of states committed to aligning high school standards, assessments, graduation requirements and accountability systems with the demand of college and the workplace. In Fall 2006, Arizona joined the American Diploma Project Network.

Dr. Nicodemus went on to state that Arizona is one of 18 states and the District of Columbia that now requires students to complete four years of math though at least Algebra II and four years of vigorous English. States have also made progress in raising standards in English and mathematics high enough to meet the expectations of colleges and employers. Arizona is among 26 states that are in the process of raising standards. Nine states administer college-readiness assessments in high school; Arizona and 23 other states have plans to do so in the near future. Arizona is also among the 39 states that are indicating they are in the process of implementing a data system that can track P-K through college graduation.

Vince Yanez went over the current and new graduation requirements for high school. There is a recognized need to provide some flexibility with respect to Algebra II. If students can meet very specific criteria they can substitute another course for the Algebra II course. The

Board heard from the Career and Technical Education community and the need to recognize some of their coursework and how it can apply to potentially the math requirements. If the student can demonstrate competency in the standards and they can achieve that proficiency through some sort of alternate path that could be acceptable.

Jacob Moore then spoke about sustainability. The State Board of Education is trying to improve the livelihood of every person in Arizona. There needs to be a pathway for the students. This is an opportunity to begin discussions to meld the high school graduation requirements with the college admission requirements. K-12 provides the students for the colleges and the colleges provide the individuals for the workforce. The State Board of Education wants to ensure that when we increase the math and science standards, we will have enough teachers to meet the increased capacity. This is another area where the two Boards need to work together.

Students who graduate in 2012 and the students who graduate in 2013 will have to comply with the new standards. Out of the 22 credits that a student must have to graduate from high school in 2013, 7 of them were elective credits. The universities now define academic competency requirements as 4 English units, 4 math units, 3 laboratory science units, 2 social science units, 2 foreign language units and 1 fine arts unit. Our goal is that students leave high school prepared to enter college.

President Haeger stated that 25 years ago, high school was fine. Today we are looking more toward universal baccalaureate education as the standard and the State Board is struggling with how you get the high school standards aligned with the university admission standards.

Superintendent Horne stated that the high school day has 6 periods and 6 periods times four years is 24 credits, so by raising the requirement to 22 credits the State Board has left room for two more that some future board might want to require. There are financial implications for the high schools to have increased graduation requirements.

Dr. Balentine stated that the State Board of Education passed a resolution supporting the Arizona Scholars Diploma which is a diploma parallel to college admission. The aim of the State Board is to end up with total alignment with college admission requirements.

Dr. Nicodemus stated that the State Board of Education is trying to bring the two systems together and we should be aligning the high schools with the universities, but we also hope that from the post-secondary perspective we need to have multiple pathways and some flexibility because we are trying to engage more students in the pipeline that are underrepresented. The key to all of this is the ability to assess student learning and determine whether they can demonstrate college readiness.

Regent Bulla stated that many of the people at the table today were present at the Strategic Planning meeting that occurred last week. Part of that exercise is to see where education is going in the future and how to make sure the pipeline between all areas will flow. He asked if the State Board of Education had done any modeling, if anyone had looked into the unintended consequences of what might happen if the requirements for graduation are increase, such as a possible increase in the dropout rate or an effect on the AIMS test.

Dr. Balentine stated that the State Board had initiated a planning process to identify the next steps. Teacher capacity and the potential for unintended consequences are real concerns.

Superintendent Horne stated that the AIMS test will probably not be impacted by these requirements.

Regent Martinez asked how difficult was it going to be for the high schools to change from the 20 credit to the 22 credit requirement, since it would take more resources, etc. Vince Yanez stated that approximately 60% of the school districts already exceed the current 20 credit graduation requirement.

Regent Leonard asked about Bureau of Indian Affairs funded schools and charter schools in regards to these changes in requirements. Dr. Balentine stated that the Bureau schools were not tracked, but the charter schools were. Jason Moore stated that there was a lack of coordination between BIA schools and other schools in the state.

Dr. William McCallum then joined the meeting for his presentation. He is a member of a statewide team, appointed by the Governor's P-20 Council, to look at improving the state's math standards and aligning them with both the expectations of higher education and with expectations of employers.

Dr. McCallum stated that starting in the spring of 2007, the Alignment Institute compared the states' mathematics standards with the Achieve American Diploma Project (ADP) benchmarks and then the Arizona Department of Education started the standards revision. The goals were to fill the gaps, define a college and work readiness standard and ensure standard is rigorous, coherent, focused, specific, clear and measurable. In October 2007, Achieve determined that the proposed standards were intellectually demanding and well-aligned with ADP Benchmarks, exhibited the criteria of high quality standards and in some areas exceeded the level of rigor defined in the ADP benchmarks. Dr. McCallum stated that in February 2008, the draft of the revised standards was presented for public comment.

Achieve has instituted an Algebra II test in recognition of the need for alignment at the level beyond state graduation tests. It is an end-of-course exam. It aligns the test content with ADP math benchmarks and the purpose is to ensure consistent content and rigor in Algebra II courses within and among states, provide for comparisons in performance among states and possibly serve for postsecondary placement. The test will be administered in Spring 2008. The group will do a careful statistical study of the correlation between Algebra II, AIMS, SAT, ACT, IB high school grades and university placement tests. This project could have national significance. There are also other end-of-course tests in the works.

Dr. McCallum then described the retreat held by the Institute for Mathematics and Education in October 2007 with representatives from the Governor's office, Arizona Department of Education, state universities and community college representatives, College Board, Achieve, International Baccalaureate, and the University of Maryland Center for Mathematics and Education, on making sense of testing in Arizona.

Darcy Renfro expressed the Governor's thanks to everyone for this meeting, which represents the beginning of a great partnership. Darcy Renfro then stated that the Algebra II

end of course testing is a positive move forward regarding the expectations of colleges and helping identify where teachers in high school focus their efforts. Math is crucial for this alignment, but other subjects will also need to be aligned.

Regent McLendon stated that the more things change, the more they stay the same. He stated that he can remember his days in high school, when he had standards, great counselors, etc. For example, he had to have two years of foreign language to attend college. For some reason, standards have been loosened over the last several decades and it is time to tighten them back up. He also stated that there needs to be constant dialogue between the bodies that education the children of this state. The students deserve the best that we can provide.

Regent Boice asked if we should be looking at a model where students test out of high school and the results of the test determines where they go next, be it college or a technical school. Dr. Balentine stated that many models need to be looked at and evaluated.

President Crow said that a system needs to be designed so that every student in high school is on a track to success. He believes that a system needs to be designed for how things are changing, for what is needed to achieve in all levels, for a standard for intellectual achievement for every student and a mechanism for students to learn what they need to learn to go on the path that they choose.

Regent Calderón stated that the trades are honorable professions as well. He is worried that a system that allows some to attend college and the rest to go to trade schools would create a class system. He believes that a system that gives more and more examinations which place students in specific areas will create problems. The beauty of our system is that everyone has the opportunity to attend college.

Darcy Renfro stated that one of the things the P-20 Council is doing to help avoid the class system approach is to work into career tech education courses, the same standards that would apply across the board.

Dr. Nicodemus stated that not every student wants to go to college. But, the research shows that to be prepared for the workplace and be prepared for college is basically the same. Students need critical thinking, the abstract thinking and analysis, in their personal lives and their professional lives and that is what the rigor of various classes teaches.

Joel Sideman asked if there was anything that the university systems could be doing to give good feedback to the local school boards as to how their students do when they get to the university. It seems as part of the conversation that the boards need to be having is what kind of feedback, different than what is already being provided, could the Board of Regents be providing that would actually make a difference at the school district level.

President Haeger stated that all of the schools have a common issue that flows out of the changes that have been made to the graduation requirements, which are the teachers in the classroom. He stated that he believes there are two problems, one being that there are not enough teachers in the critical areas and two being people are not going into teaching at the rate needed to truly pull this off and they won't until pay for teachers is increased.

Regent Martinez asked what is being done to insure that, at an early level, students are not leaving elementary school and going to high school already needing remedial assistance. Dr. Balentine stated that Arizona has a focus and various concepts are being reviewed.

Regent Martinez asked about getting more people into the teaching pipeline. Dr. Balentine stated that there has been support from the community for the increase in expectations from the students. The support for incoming teachers, the monetary support, is an issue but she has faith that the State of Arizona will come through. Dr. McCallum stated that schools need to do what they can with what they have, and hopefully the resources will follow. Jason Moore stated that shortfalls are short term and long term growth is the issue. The business community has been stating that higher standards, which lead to a more educated workforce, make the State of Arizona more attractive for new industry and have more potential for economic growth.

Regent Boice stated that the pressure was on the university presidents to produce more Core teachers and having gone to the trouble to produce them, the teachers are going to other states where the salaries are higher. We have to get the word out the education is in a state of disrepair and it needs to be fixed. It isn't just money that will fix this problem.

Regent DuVal stated that there is a need for resources. The public needs to be convinced that the education system is efficiently delivering value for the money invested. Regent DuVal asked what the Board can do to help this work. Dr. Balentine stated that one big picture item would be to develop the model integrated courses, whether they are specific to career and technical education or some other integrated course.

All agreed that the Board of Education and the Board of Regents need to continue this dialogue.

Regent Boice stated that this was just the first of many meetings and he thanked the members of the Board of Education and Dr. McCallum for coming.

Stephanie Jacobson then stated that there were already plans in the works to continue the dialogue. Top administrators at each institution have been identified to be on a committee with the Governor's office, and State Board representations to continue to address some of the issues identified today to increase alignment and identify further issues that need to be addressed. One of the things that the universities and central office staff have begun to prepare for is an analysis of the admission requirements that went into place in the Fall of 2006. It is hoped that there will be a report in the near future. Stephanie also stated that the new Academic Affairs committee will allow the Regents to have a forum to look in more detail and track progress as well as look at alternatives as they are identified.

The meeting recessed at 9:48 a.m. Thursday, March 6, 2008, and resumed Thursday afternoon, March 6, 2008, at 1:33 p.m.

Regent Calderón led the Pledge of Allegiance.

Regent Boice then stated that the next order of business would be the Consent Agenda.

CONSENT AGENDA

All items on the Consent Agenda that marked in these minutes with an asterisk (*) were considered as consent matters and were unanimously adopted upon the motion of Regent DeConcini, seconded by Regent DuVal.

***Minutes**

The December 6-7, 2007 Executive Session Meeting Minutes and the January 24-25 Regular Meeting Minutes were approved with the following corrections to the January 24-25 minutes: On page 9, the second full paragraph, add "Regent DeConcini joined the conversation and concurred. President Shelton assured the Board that would occur." And on Page 16, paragraph three, add the language: "Regent Calderón asked about receiving an additional report on pandemic planning as soon as the plans matured. All three universities agreed to do so."

CAPITAL COMMITTEE CONSENT AGENDA

***Lease of Real Property at the Polytechnic campus to Soaring Eagles Development, LLC, for use by University Public Schools Initiative (ASU) (Board Agenda Item #10)**

The Board approved Arizona State University's request for authority to lease approximately 11.7 acres, with an option to lease another 13.42 acres, of vacant land at the Polytechnic campus to Soaring Eagles Development, LLC, for financing and development of a campus to be used by University Public Schools Initiative.

RESOURCES COMMITTEE CONSENT AGENDA

***Authorization to Approve New Awards (ASU) (Board Agenda Item #15)**

The Board approved Arizona State University's request for authorization to approve various new and continuation awards.

ACADEMIC AFFAIRS COMMITTEE CONSENT AGENDA

***Proposed Change to ABOR Policy 2-202, "Academic Degree Programs" (Second Reading) (Board Agenda Item #16)**

The Board approved the addition to Board Policy 2-202 which gives authority to the universities to grant master's degrees en route to Ph.D. degrees, when no comparable master's degree exists for that Ph.D. subject.

***Approval to Appoint Regents' Professor (NAU) (Board Agenda Item #17)**

The Board approved Northern Arizona University's request to appoint Dr. William Grabe, Professor, Department of English, College of Arts and Letters, as Regents' Professor.

HUMAN RESOURCES COMMITTEE CONSENT AGENDA***Approval of Appointment of Vice President for Instruction and Dean, University College (UA) (Board Agenda Item #20)**

The Board approved the appointment of Dr. Juan R. Garcia as the Vice President for Instruction and Dean, University College, University of Arizona.

***Approval of Appointment of Vice President and Dean of the College of Public Programs (ASU) (Board Agenda Item #21)**

The Board approved the appointment of Dr. Debra Friedman as Vice President and Dean of the College of Public Programs, Arizona State University.

***Approval of Appointment of Vice President and Executive Vice Provost (ASU) (Board Agenda Item #22)**

The Board approved the appointment of Dr. Mernoy Harrison, as Vice President and Executive Vice Provost, Arizona State University.

***Approval of Multiple-Year Employment Contract for Cross Country and Track & Field Director and Head Coach (NAU) (Board Agenda Item #23)**

The Board approved a Multiple-Year Employment Contract for James W. Hardy, Cross Country and Track & Field Director and Head Coach, Northern Arizona University.

***Approval of Appointment of Vice President for Research (NAU) (Board Agenda Item #24)**

The Board approved the Appointment of Dr. Laura Foster Huenneke as Vice President for Research, Northern Arizona University.

CALL TO THE AUDIENCE

Per Board Policy 1-114, time has been set aside for Call to the Audience, an opportunity for people to address the entire Board in a public setting to express their views or concerns.

Elizabeth Sharble, Elise Halvorson-Maza and Katharine Anthony - community members spoke to the Board about the closing of the Child Development Center at the ASU West campus. They were all concerned about the impact closing the center would have for child care. They presented a petition in favor of keeping the Center open.

Catherine Neish - Member of the Arizona Student's Association reported on the ASA Resolution in opposition of the reduction of child care services in the Arizona university system and asked that every opportunity should be made to expand child care in the system.

Eduardo Gonzales - member of the community, and representing the Coalition for Justice who spoke about Great Western Erectors and the recent investigation into business practices.

Sarah Atwill - a student, spoke in opposition of meal plans.

RECOGNITION OF STUDENT FROM ARIZONA STATE UNIVERSITY

Regent Boice stated that at each meeting the Board recognized a student from the host university. Today we have Damien Salamone. Damien received his B.S. in Physics from ASU in 2002 and is presently a Graduate Research Associate, pursuing his Ph.D. in Molecular & Cellular Biology at ASU. Damien is also the Founder and Executive Director of HEAL International which creates foundations which help provide access for families and communities to sustainable medical care, the Director of the SkyCafe which provides value-added food and beverage services for ASU SkySong, and the owner and principal engineer of Adaptive Applications, a software development house and CIO consultancy specializing in business operations.

Damien spoke about HEAL International and the SkyCafe. HEAL International is a student led, non-profit health care organization providing healthcare services, and education programs for families that cannot afford it. HEAL has four project sites in Africa and has started providing services in Arizona as well. The SkyCafe is a student run coffee shop at SkySong. The café imports tea, coffee and art from the service community, sells it at the SkyCafe and the proceeds go to HEAL International.

PUBLIC AWARENESS COMMITTEE (Chair: Regent DuVal)

Regent Boice stated that because of a scheduling conflict, agenda item #2 would be heard Friday morning.

Update on Solutions Through Higher Education (Board Agenda Item #3)

Cathy McGonigle joined the meeting for this presentation.

Regent DuVal stated that the Board was going to receive an update on the progress being made on the Solutions Through Higher Education public awareness campaign. He stated that the new brochure "The Education Crises" was being used with community and business organizations when presentations are being made. 25 speakers have been trained with more training sessions scheduled. Presentations have been occurring throughout the state, including to UA Faculty Senate, the Soroptimists of Phoenix, NAU and UA Foundation, WESTMARC Education Committee, United Way of Northern Arizona. Another thirty organizations have scheduled presentations for the future.

Regent Duval stated that he was very pleased to present the Solutions information at the recent American Council on Education's national meeting. Following that event, the Board was invited to post the DVD and other information on the ACE web site, so our project is getting more exposure around the country.

Regent DuVal thanked the presenters, especially Regents Boice and Calderón, former Regent Stuart and President Haeger.

Regent DuVal stated that he, Regent Boice, and Coalition Co-Chair Sarah Smallhouse had met with the editorial board of the Arizona Daily Star and the Tucson Citizen to brief them on the campaign. After the meeting, he and Regent Boice wrote an opinion piece on this year's state budget, including some facts taken from the *Solutions* slide show. The media interest in the campaign has been very encouraging.

There are over 300 individuals who are now members of the Coalition. The website is getting good usage. E-mails have been sent to Coalition members and to the voter list of over 133,000.

The Coalition Co-chairs met to consider various strategies related to short- and long-term planning. One outcome of the meeting was a letter of concern on the legislative proposals for the state budgets, directed to key legislators.

Regent DuVal stated that Riestler received a gold "Addy" award from the Phoenix Advertising Club for its production of the "Quiet Crisis" video that is being used in the Solutions through Higher Education project. The Addy award recognizes creative excellence in advertising.

REPORT FROM P-20 COUNCIL

Regent Calderón reported on the February 28, 2008, P-20 Council meeting.

Regent Calderón stated that the P-20 Council had previously reported on their plans to develop a campaign similar to the Board's Solutions campaign, but with a broader message, promoting the need for greater attention to education in Arizona at all levels. They have contracted with Riestler, who presented their plan during the February 28th meeting. This was the first presentation the Council had received on the proposed communication plan and it was excellent.

Regent Calderón stated that the P-20 Council and our Board is working together to coordinate the presentations. Riestler said the goal of the campaign is to create a cultural paradigm among Arizona's citizens, making education the priority. Paul Luna, of the Helios Foundation and chair of the P-20 Communications Committee, is providing the leadership for the P-20 campaign and ensuring that there is an umbrella message for initiatives being developed by other education entities, such as ABOR, who have more targeted messages.

The P-20 Council voted to continue to work with Riestler, but it has not yet approved a plan or strategy. The campaign title and tagline will be "Expect more Arizona... Because a better education means a better life."

Regent Calderón stated that he reported on behalf of the Board's Solutions campaign. He stated that he described the Board's efforts to date and showed the mood piece. Because of that presentation, we have received invitations to present additional presentations.

Elliot Hibbs, the executive director of the Early Childhood and Health Board, also made a presentation on their intention to develop a plan for their "First Things First" early childhood initiative, which they hope to announce in the next few months.

STRATEGIC PLANNING, BUDGET AND FINANCE COMMITTEE (Chair: Regent Bulla)

Report from the Strategic Planning, Budget and Finance Committee (Board Agenda Item #4)

Regent Bulla reported on the proceedings of the February 22, 2008 Strategic Planning, Budget and Finance Committee meeting.

The Strategic Planning, Budget, and Finance Committee hosted a workshop at the Decision Theater on Friday February 22, 2008. We were pleased to have a very distinguished list of policy leaders with us that day. Our goal for this workshop was to bring people together from all sectors of education, the Governor's office, legislators, and business leaders to talk about the future of the higher education system. We wanted to make leaders aware of three things: the potential capabilities of the model; the strategic planning efforts of ABOR; our intent to share the expanded models with everyone so all can contribute to and benefit from this powerful planning tool. I believe that we achieved all of these goals.

Regent Bulla then stated that he wanted to remind everyone of the work that is ahead. The draft framework includes four key elements: providing more Arizona residents with a university degree; building the research enterprise; reaching out to meet workforce and community needs; and doing all of this as productively and as efficiently as possible. Achieving these goals will be difficult and will require a seamless system beginning in pre-school and going all the way through college. Because the universities are at the end of the pipeline, some of the energy must be used to find ways to promote success in earlier education sectors. Finding ways to understand and help each other was partly what the meeting was about.

The Decision Theater project will not make the hard decisions for the Board. But, it can provide the evidence and decision support necessary to make solid decisions that will chart the course of the Board over the next twelve years. When the decision support system is finalized, the Board should be able to see the connections between and among the decisions that will be made. Everyone should be able to see how one decision affects another and more importantly, how the collection of decisions will impact the future for Arizona.

A couple of the most pressing policy questions are: Will we need a new university, new campuses, or postsecondary education centers to meet the student demand over the next twelve years? If so, where should they be and how should they be structured? What role will distance learning and rural educational delivery play in meeting student demand? What pathways and collaborative programs will we need to ensure that enough community college students go on to get a bachelors degree? How much more will we need to expand programs like 2+2 and 3+1 to ensure transfer rates increase enough to reach the targets? How can we ensure that adequate resources are available for the system to reach these

goals and what will be the most cost effective way to deliver services to significant numbers of new students? To what extent should the universities seek to build the Research enterprises to benefit Arizona and how much additional investment will be needed to reach national prominence? What changes in our system will be needed to meet workforce and community needs? What aspects of our current university structure should remain the same, and what changes will be needed to meet the goals?

Regent Bulla stated that in addition to items like the ones listed above, the complicated policy discussions about mission differentiation must continue as the changes that will be needed to reach these goals are navigated.

All of the attendees of the Decision Theater project and the Regents will be receiving a complete written report detailing and summarizing the workshop in the near future, which will summarize the key points of the meeting.

At this time Dr. Woodley and Dr. Lant joined the meeting for this presentation.

Dr. Lant stated that the Decision Theater objectives were to create a visual interface for the NCHEMS Student Flow Model to allow the Board of Regents to use the tool for analyzing scenarios, to augment the model with better use of demographics, enrollment, and target degree production for continued policy analysis, to develop stakeholder processes to include input from K-12 system, community colleges, Governor's P-20 Council, and other policymakers, and to support Regents and ABOR staff during the creation of the ABOR 2020 Strategic Plan. The February workshop goals were to begin an open, transparent process of ABOR planning efforts and create awareness of the planning; elicit feedback about the data, assumptions, models, and scenarios; assess the adequacy of information and processes to guide the 2020 Strategic Plan; guide future model and scenario development; guide additional data collection and analysis; provide direction for the technical working group; and create awareness that the models will be available to all.

Participants viewed the student flow model and received a briefing on its basic functionality. Following the model introduction, participants provided feedback about the model itself. Specifically, they were asked to evaluate for clarity and data inputs. Over 75 statements were generated providing input to ongoing model development.

The required model enhancements are more precise data definitions, additional data requirements, more precise modeling.

What was learned from the workshop is that there are several critical items which must be considered during the planning process such as the need to clarify the role of community colleges and private institutions; need to study the system's capacity for growth; review the need to maintain quality while expanding enrollments; the strategic plan needs to incorporate needs of future students - alternative delivery, rural issues, language proficiency, cultural issues, etc.; research and community service are important elements of what universities provide for the state - the need to articulate better the benefits; and the need to understand the costs of specific target goals. Most agreed that reaching the highest scenario is best, but may be optimistic and more data on costs and achievability is needed. Resource challenges need to be dealt with, more financial aid, more tuition revenue and also more state funds will

be needed. There needs to be better collaboration between and among universities, community college, K-12 schools and private institutions. Early childhood, early intervention in K-12 seems to be a key to success. Improvements must be made on articulation, college pathways, barriers to transfer and possibly governance. Also accountability in the system for the dollars already available should be evident.

The next series of events are workgroup events which are designed for the technical group to form the modeling process and it is hoped that the model will be completed in June, so that the 2020 Strategic Plan can be completed by August 2008.

Regent DeConcini asked about whether the plan would identify the need for new institutions. Regent Bulla responded that the population and finances would be part of the equation. Dr. Woodley stated that the number of students will also be part of the equation. The model will not provide you with the decision, but the model says if you want to produce 30,000 more baccalaureate degrees per year by the time you get to 2020, this is how many more students you need in the system, this is how many square feet it takes, this is how it would work with a 2+2 program. The model does not give you the decisions, it gives you the options.

Regent DuVal reminded Regents of the need to move quickly to help the legislature answer questions about funding formula options for the universities.

CAPITAL COMMITTEE (Chair: Regent Calderón)

Regent Calderón stated that Item #7 had been withdrawn from the agenda, and Item #9 was removed from the Consent Agenda. All items being considered had been reviewed by the Capital Committee except for Item #25 which was a late addition to the agenda.

Lorenzo Martinez joined the meeting for this presentation.

Proposed Revisions to Board Policies 7-101K, "Definitions," and 7-102D, "Overview of the Capital Development Process and Phases" (First Reading) (Board Agenda Item #5)

Regent Calderón stated that the Board was being asked to review proposed revisions to policies to eliminate the current debt ratio calculation in ABOR policy and adopt the debt ratio established in state statute. The purpose of these changes is to make certain that our policy is consistent with Arizona state statute and policy.

Lorenzo Martinez confirmed that the proposed changes would conform board policy to the statute.

Project Implementation Approval for the Interdisciplinary Science and Technology Building IV (ASU) (Board Agenda Item #6)

Lorenzo Martinez and Rich Stanley joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting Project Implementation Approval for the Interdisciplinary Science and Technology Building IV (ISTB IV). The Capital Committee expressed concern regarding the cost of this item in light of the current state

budget situation. The Regents clearly stated that they may not be able to continue to support this project if the budget situation does not improve.

Rich Stanley stated that this is a continuation of ASU's work on its research capabilities. The facility will support work in the new School of Earth and Space Exploration and also the School of Engineering. This is a 284,000 square foot building. The project budget is \$185 million. This project is expected to come back for project approval in September.

Regent DeConcini asked about the impact of tuition on new freshmen who haven't yet come to ASU. Rich Stanley stated that the model was based on an estimate of what ASU believed the top of the bottom one-third for tuition rates would be.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved Arizona State University's request for Project Implementation Approval for the Interdisciplinary Science and Technology Building IV, as presented in the executive summary.

Lease of 9.5 Acres, with Option for Sale of up to 50% of Real Property on Rio Salado Parkway East of Rural Road to Laguna Pacific/Wolfe Company, and Waiver of Board Policy Requiring Public Auction (ASU) (Board Agenda Item #7)

Regent Calderón stated that this item had been withdrawn from the agenda.

Approval of the Articles of Incorporation, Bylaws, and Directors of the Research Park Development Corporation (UA) (Board Agenda Item #8)

Regent Calderón stated that the University of Arizona was requesting approval of the Articles of Incorporation, Bylaws, and appointment of the directors of the Research Park Development Corporation. He further stated that the Capital Committee had reviewed this item and recommended Board approval with the provision that the University of Arizona submit two additional names that would increase the diversity of the board. Regent Calderón stated that it has been this Board's practice, in regards to other boards, to strongly encourage that the membership reflect the diversity and strengths of Arizona.

Lorenzo Martinez and Bruce Wright joined the meeting for this presentation. Bruce Wright stated that they were in the process of reviewing the credentials for two additional board members.

Regent DeConcini asked about the number of board members that were members of the faculty of the University of Arizona. Bruce Wright stated that with nine members, three would be university representatives, one would be a representative of the Board of Regents and five would be private sector representatives. Regent DeConcini stated that he was a little concerned about the number of "inside" directors, but he did not know what other universities did in cases like this. Regent DeConcini stated that he believed this board should be an independent powerhouse board.

Regent Mariucci stated that she agreed with Regent DeConcini and wanted to add that particularly given the nature of the issues that have been brought before the Board, this is a

real estate development project as much as it is an academically based research park and there is a conspicuous absence of someone who has unique real estate development skills from the private sector. She stated that the RPDC must get that expertise on the board.

Upon motion by Regent Calderón, seconded by Regent DuVal, the Board unanimously approved the Articles of Incorporation and the Bylaws subject to an amendment to the Bylaws to increase the number of members to eleven and the appointment of interim directors as listed in the executive summary, with this matter to come back before this Board in April with the final board. The final board should reflect adequate diversity and adequate professional diversity.

Project Approval for Indoor Basketball Practice Facility and Acquisition of Athletes' Performance Institute (API) Facility (ASU) (Board Agenda Item #9)

Carol Campbell and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting Project Approval for the Indoor Basketball Facility to be named the Weatherup Center, including acquisition of the leasehold improvements constructed by API on ASU property under the terms of a ground lease approved by ABOR in February 2000.

President Crow wanted to make sure that Regents were aware of his strategy. This facility will provide training facilities for the basketball athletes and will support other athletes. This facility is to be funded by private contributions and so far, ASU as received 89% of the pledges necessary to advance on this project.

Carol Campbell updated the Board on the fund, stating that the 89% equals \$19.6 million.

Regent Boice asked what the 70,000 square foot building would be used for. Carol Campbell responded that this will be a training facility for the basketball teams, and will also be used by softball and women's soccer. Building this facility will help alleviate the overcrowding at the Wells Fargo arena. 50,000 square feet includes basketball courts, coach's offices, team meeting space and locker room facilities. The other approximately 20,000 contains facilities for strength and conditioning training room, coach's offices and additional locker rooms.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved Arizona State University's request for Project Approval for the new Weatherup Center Indoor Basketball Practice Facility and acquisition of the Athletes' Performance Institute facility, as presented in the Executive Summary.

Approval to Sell System Revenue Refunding Bonds (ASU) (Board Agenda Item #25)

Carol Campbell and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting authority to sell System Revenue Refunding Bonds and to take all necessary or appropriate actions and enter into all necessary or appropriate agreements related to the bonds. He informed the Board that this item had not been reviewed by the Capital Committee.

Carol Campbell stated that the municipal bond market has been stressed. The university has been monitoring this situation for some time. They determined that the most efficient and effective thing to do will be a variable to variable refunding.

Regent Calderón stated that the universities had been working diligently over the last few weeks to assure that all of the bond issuances are secure relative to the current market and that vigilance will continue. Regent Bulla stated that the Finance Committee will be working directly with the university CFO's to review the market situation and items such as this.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved Arizona State University's request for approval to sell System Revenue Refunding Bonds to refinance the 2003 System Revenue bonds as presented in the executive summary.

AUDIT COMMITTEE

Audit Committee Report to the Board (Board Agenda Item #11)

The Board received an oral report from Regent Mariucci on the most recent activity of the Committee. There are no written materials for this item.

Regent Mariucci stated that the Audit Committee met on February 22, 2008, and reviewed and accepted the annual report of each of the three universities for the FY 2007 and the Auditor General's Management letter came out concurrent with the annual report. There were a few material weaknesses noted by the Auditor General, but they are being addressed.

The Committee then reviewed the 87 page Universities' financial ratios analysis. The Committee has asked that this analysis be linked in future years to system strategic planning efforts and peer data. Among the most significant accomplishments of this system over the last five years have been the addition of over 10,000 FTE students, 7,000,000 square feet of academic space and our ratio relative to capital sufficiency, expense ratios, cash flows to revenue ratios, etc., have stayed right in line. Our bond ratings have remained AA and better. It is remarkable that with all the moving parts and this kind of growth, all of this was done and the system's overall financial health and financial structure has remained consistent and quite good. The system growth has been managed extremely well and the Board needs to do a better job of telling that story.

The Committee also did a strategic review of the system audit staffing. There are a total of 15 people in the system. Compared to out 22 peer universities, we are clearly in the bottom tier of the audit coverage that we have. As an example, the University of Texas has 141 internal auditors. The Committee is also working to redefine the role of the central office audit staff to identify the highest and best use of our audit resources.

As the Committee continues to push for more risk-based auditing, the Committee believes we need to make a greater investment in audit resources. The Chief Audit Executives, the Chief Financial Officers and Executive Director Sideman studying how best to do this and will offer recommendations to the Committee.

The first construction audit was outsourced, but the university people participated to learn from the experts. Board staff drafted the final report. The Committee is leaning toward this model, but each audit will be evaluated separately as to whether outside auditing is needed.

During executive session, the Auditor General's staff provided status reports regarding their three performance audits that are nearing completion. They are auditing Technology Transfer, Information Technology Security, and Capital Construction Financing at all three universities. There are some significant findings in IT Security. The final reports are anticipated to be issued in the May-June timeframe.

The meeting recessed at 3:55 p.m. on Thursday, March 6, 2008 and reconvened at 9:40 a.m. on Friday, March 7, 2008.

PUBLIC AWARENESS COMMITTEE (continued)

Update on Budget Deliberations and Legislative Activity (Board Agenda Item #2)

Christine Thompson joined the meeting for this discussion.

Regent DuVal stated that the Board would receive an update on the status of the budget recommendations of the Governor and the Joint Legislative Budget Committee, proposed legislation, and legislative activities.

Regent DuVal welcomed Regent McLendon to the Legislative Affairs Committee. He then stated that the Legislative Session passed several milestones since the last Board meeting. The deadline for bill introduction has passed. 1,512 bills, memorials and resolutions were introduced this year. The deadline for hearing bills in the chamber of origin is this week, signaling that most legislation that has a chance of becoming law is on its way to the opposite chamber of the Legislature. If the Legislature holds to its current schedule, the deadline for hearing bills in the opposite chamber will pass before the April Board meeting. Progress on budget negotiations for FY08 and FY09 has been very slow. That the legislature may now be looking to resolve both budgets together rather than taking on one budget at a time.

Related to the FY08 budget, the Governor recently announced a state agency hiring freeze and legislation regarding a hiring freeze continues to move through the legislative process. Sensitive to the state budget situation, the Presidents have taken steps to limit spending and staff, including implementation of measures to ensure that positions being filled during these challenging times are critical to university operations.

Regent DuVal stated that the Legislative Affairs Committee met February 19, 2008, and reviewed and provided guidance on proposed legislation.

Christine Thompson updated the Board on pending legislation and the session. She stated that some budget bills passed out of both houses yesterday which had language that said that the agencies and budget units listed shall not spend or encumber the following amount. For the university system there was a \$25 million cut on the table, which is approximately

2.5% and the distributed to be decided by the Board of Regents. It also had a 5% cut for the central office which is approximately \$388,000. That legislation passed both houses and will be on the way to the Governor.

Christine stated that in regards to HB2230 and SB1175, (the college textbook legislation), the stakeholders have been meeting with the sponsors of the legislation to put together some consensus amendment. HB2787, Teacher and Classroom Data, which is one of the pieces of legislation that is being worked on by the universities and various stakeholders, to try and enhance the data that is available regarding teachers and classroom data, has passed out of committee and awaits floor action. SB1214, Concealed Weapons on School Grounds, has passed out of the Senate Judiciary Committee and was amended to remove the provision which allows weapons on the K-12 campuses. The Community College Board bill was heard in the Higher Education Committee and the bill passed out of the Committee and looks as though it will proceed.

Dr. Watson stated that the Arizona Faculties Council has been supportive of the student's efforts to introduce a textbook bill that would require publishers to give pricing of books. The faculty is in an interesting situation. The bill that has been introduced seems to be going in the wrong direction and the AFC thinks it stems from not knowing how faculty select textbooks. Faculty selects textbooks from catalogues, and from online sources. There is very little face-to-face interaction with a salesperson. There are aspects of this bill that may interfere with getting lower prices on textbooks.

Regent Bulla stated that the Board has had discussions regarding weapons on campus in prior times. The Board has heard campus police discuss their concerns. Regent Bulla stated that Board policy makes the campuses gun free areas. Regent Bulla suggested that the Board affirm the Board policy and pass a resolution of affirmation. Regent DuVal stated that he could not believe that people would think that a classroom with guns would be a hospitable place for education. Regent Boice stated that guns on a college campus are not appropriate and he would support this motion. Regent Calderón stated that he too would be supporting this motion as he believed that guns are a liability. He stated that owning a gun is a large responsibility and neither he nor the Board can guarantee that everyone that owns a gun is a responsible gun owner. Regent McLendon agreed that it is the Regent's responsibility to make sure the campuses are safe and the Regents need to make sure the police officers are able to do that. Allowing guns on campus is not the way to do that. Regent Martinez stated that he was also in favor of this affirmation. Upon motion by Regent Bulla, seconded by Regent DeConcini, the Board unanimously passed a resolution which affirmed the Board's policy which provides for a gun free campus.

REPORT FROM THE PRESIDENT OF ARIZONA STATE UNIVERSITY

President Crow introduced Carlos Ross, Erin Hutchinson, Kenneth Bland and Eli Bliss, the ASU Academic Bowl team that just won the championship for the Rocky Mountain West. They are now heading off to the nationals where they will be competing.

Neal Woodbury from the Biodesign Institute gave a PowerPoint presentation on Biofuel from Photosynthetic Bacteria.

ARIZONA MINORITY EDUCATION POLICY ANALYSIS CENTER (AMEPAC) REPORT

Regent Calderón stated that the Board would receive a presentation on the report, "Minority Student Report 2007: A Snapshot of Arizona's Educational Achievement" from Tonya Drake, Director of Student Development Maricopa Community College District and Nancy Osborne, Higher Education Consultant the authors of the report.

Mark Denke stated that the Arizona Minority Education Policy Analysis Center (AMEPAC) is a policy center of the Arizona Commission for Postsecondary Education. AMEPAC's mission is to stimulate, through statewide discussion, constructive improvement of Arizona minority students' early awareness, access, and achievement throughout all sectors of education.

Tonya Drake reported that this report was a snapshot of the education achievement of minority students in Arizona from pre-kindergarten through postsecondary education. Arizona's total population is approximately 5,829,829. Of that population about 40% of the population is considered individuals of color; about 29% of the population is between the ages of 5 and 24. Less than 8% of the white population has less than a high school degree, while less than 45% of the Hispanic/Latino population has less than a high school degree. 39% of the white population has an Associates Degree or higher while 13% of the Hispanic/Latino population has an Associates Degree or higher. In the academic year 2006-2007, 54% of the PK-12 enrollment was students of color.

Arizona's total annual high school dropout rate has decreased over the past decade from 12.1% to 6.4%. The total minority dropout rate is 8.5%; almost double that of white students (4.3%). Also, male students drop out at higher rates than female students.

The overall four-year high school graduation rate for students attending Arizona public schools has increased from 68% for the class of 1993 to 76.8% for the class of 2004. The graduation rate for minority students is 67.8%.

Nancy Osborne stated that over the past decade minority student representation in Arizona higher education has increased across educational sectors. The proportion of minority students is highest at Arizona's skill centers, which prepare students for entry-level jobs in vocational trades. However, the number of students enrolled in the skill centers is small compared to the number enrolled in 2-year school, where minorities are also highly represented. Minority participation continues to lag at Arizona's public universities. The growth in enrollment at Arizona's private, for-profit colleges may warrant further study in light of the recent national debate about the challenges some students attending them have faced when attempting to transfer credit to other institutions. Two-year, private schools have a higher proportion of minority students than more other education sectors.

Graduation rate is a common indicator of how well postsecondary institutions facilitate the success of the students they serve. During the 2005-06 academic year, more than 80,000 degrees and certificates were conferred to Arizona students. The African American, American Indian and Hispanic students comprise a greater proportion of those receiving certificates and associate degrees. When compared with the state's demographic

composition, Hispanic students are underrepresented in all degree categories. African Americans and American Indians are overrepresented in certificate and associate degree attainment and underrepresented in bachelor and graduate degree attainment.

Educational participation and success gaps do exist for Arizona's minority population. This may indicate barriers that can be reduced or eliminated with policy decision and programs. The challenge will be how to determine and implement effective strategic that will impact the minority population and close the gaps.

Regent Leonard asked who received the report. Nancy Osborne responded that there was a wide distribution for this report, including educational agencies, legislators, and many student groups. It is also on the AMEPAC website.

RESOURCES COMMITTEE (Chair: Regent Calderón)

Regent Calderón stated that the Board would be changing the order somewhat and reviewing Item #12 last.

Report on the Tuition Task Force Committee (Board Agenda Item #13)

Regent Calderón reported on the proceedings of the Thursday, February 14, 2008 Tuition Task Force Committee.

Sandy Woodley joined the meeting for this presentation.

Regent Calderón reported that the Task Force began its work to develop some recommendations for the Board's consideration, aimed at improving the process for all stakeholders. At this meeting the members discussed the objectives and policy principles for the work. They also talked about what the current legal obligations are, as well as how current Board polices are structured. The university presidents spoke about financial aid availability. There was also a discussion with Darcy Renfro, the Governor's Higher Education Policy Analyst, about some of the Governor's expectations and proposals that pertain to the work of the Task Force.

President Crow stated that a "reader" had been prepared which would assist the members of the Task Force in getting up to speed in a policy background perspective.

Revised FY 2008 Technology and Research Initiative Fund Regents Innovation Fund Budget (Board Agenda Item #14)

Kathy Bedard joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to approve a revised FY 2008 TRIF Regents Innovation Fund budget in the amount of \$2.7 million to include a \$50,000 allocation to support the work of the Arizona State University Decision Theater in assisting with the development of the Arizona University System Strategic Plan; and \$15,000 to support the Arizona Algebra II End-of-Course Assessment Pilot.

Regent Calderón stated that he wanted the Board to understand that when we use the services of the ASU Decision Theater, or any other entity like that, there is a fee for those services.

Kathy Bedard stated that the revision to the FY 2008 TRIF Regents Innovation Fund would provide \$50,000 to support the work of the Arizona State University Decision Theater in assisting with the development of the Arizona University System Strategic Plan; and \$15,000 to support Arizona's participation in a nine state pilot Algebra II End-of-Course Assessment Pilot in cooperation with the Governor's P-20 Council and the Department of Education. The total FY 2008 Regents Innovation Fund budget remains at \$2.7 million.

Regent Calderón asked Kathy Bedard about the budget shortfall and how it might affect entities receiving TRIF funds. Kathy responded that the universities had been asked to put a hold on between 5 and 10% of their FY 08 expenditures. The latest receipt is 8.28% below the prior year. Kathy stated that after projecting the shortfall out for the remainder of the year she believed the shortfall will be between 7.5 and 8.5%. The universities have planned appropriately and are prepared.

Regent Calderón asked how much money was left in the current TRIF fund for this budget cycles. Kathy stated that there was \$9,000 left in the emerging issues line item category.

Sandy Woodley explained that the \$50,000 would buy time throughout the month of August and will allow us to build out the model and host the Strategic Planning Committee and the Regents for a couple of other strategy meetings. It won't cover the ability to make that model available to others and to be able to collect the data and perpetuate the model in the future. Sandy further stated that she has spoken with the P-20 Council and it is hoped that there will be funds available to assist with this project and further there is the possibility that there will be funds available from a Lumina Grant, if the state gets the grant, which might provide additional funding for this project.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved the revised FY 2008 TRIF Regents Innovation Fund budget to provide \$50,000 to support the Arizona State University Decision Theater Support for the System Strategic Plan, and \$15,000 to support the Arizona Algebra II End-of-Course Assessment Pilot, as presented in the Executive Summary.

Setting of 2008-2009 Rates for Residence Halls (ASU, NAU, UA), Leased Apartments (UA), Family Housing Apartments (ASU, NAU), and Meal Plans (ASU, NAU) (Board Agenda Item #12)

Mark Denke, Jim Rund, David Bousquet, and Melissa Vito joined the meeting for this presentation.

Regent Calderón stated that the universities were requesting approval to increase 2008-2009 rates for residence halls (ASU, NAU, UA), leased apartments (UA), family housing (ASU, NAU), and also requesting approve of meal plan rates for 2008-2009 (ASU, NAU).

Regent Calderón stated that students have been very involved in this discussion and they have requested that these requests be handled university by university.

David Bousquet presented NAU's request. He stated that the goal was to be flexible, predictable and affordable. In furtherance of predictable rates Northern Arizona University is prepared to guarantee entering freshman that in their second year (Fall 09) the residence hall rate would be the same as for Fall 08 and that no students meal plan rate would increase for Fall 09 from what is being asked for today for Fall 08. The rates have been vetted with and supported by students.

Regent Boice asked if costs continue to increase, is the risk NAU's or the suppliers. David Bousquet responded that NAU is a partner with the supplier, but the increasing costs have been calculated into these numbers.

Regent Venezia stated that personally she believed the entire cost of higher education is becoming outrageous with things like meal plans, and other mandatory items.

Regent Mariucci objected to the guaranteed price programs that we have when we can't guarantee the cost that underlies those programs. She stated that the universities will be sitting here two or three years down the road when something has happened that can't be foreseen today that will cause the cost structure to run rampant, out of control. None of these items individually are material, but collective ideas along these lines and continuing to go along with them are bad business practice. Regent Bulla agreed with Regent Mariucci.

Upon motion by Regent Calderón, seconded by Regent Boice the Board approved the 2008-2009 resident hall, family housing apartments rates and meal plan rates for Northern Arizona University with a vote of 6 in favor 3 against (Regents DeConcini, Mariucci and McLendon voting no) as presented in the executive summary.

Melissa Vito presented the University of Arizona's rates. The University of Arizona does not have a mandatory meal plan. The philosophy is to try to balance competing issues, minimize increases as much as possible realizing that the overall goal is to provide a quality living/learning experience for the students and to make certain that the university is a responsible steward. The process in setting rates is highly interactive with the students. When looking at the pricing policy and market forces the university uses a model that is somewhere in between completely market driven and completely subsidized. There is a differentiation in the rates. The university tries to acknowledge a difference in amenities. A committee has been set up to look at the rates, the highest rates versus the lowest rates and market rates and to come back with some recommendations.

Regent Martinez thanked the University of Arizona for not having a mandatory meal plan. He stated that he believed not having a plan promotes choice. With regards to the residence hall rates, he stated that he believed that the process was very strong and he was very comfortable with the increases that are presented. Next year's residents are paying for residence halls that haven't even been built yet, but the students are comfortable with that. Melissa Vito responded that costs are accrued prior to the completion of the hall and the university wants to spread debt service over a number of years.

Regent DeConcini asked if the debt service listed, 5%, was the actual debt service for the cost of financing. Melissa Vito responded that the university looked at what is needed for total debt service and then how it can be spread out over several years. 5% equates to \$1.3M. The point that Regent Martinez raised is a very good one - accruing debt service when the buildings aren't available yet. Melissa Vito stated that this matter is discussed with the students and the students have supported a model that builds up the debt service over time.

Upon motion by Regent Calderón, seconded by Regent Mariucci, the Board unanimously approved the 2008-2009 residence hall, leased apartment and family housing rates for the University of Arizona as presented in the executive summary.

Jim Rund presented Arizona State University's rates. ASU regards the residential experience for the students as critical to their success. The best illustration of that are the new facilities that will open in Fall 2009 and will double the size of the residential population and enhance the likelihood of collective student success, particularly for freshman students. Quality of life has a direct correlation with the quality of the learning experience. The freshman year experience program is a robust program of intentional, intrusive academic support which includes tutoring, both individual and group, individual academic coaching, facility and courses in the residence halls. The dining facilities are similar. Students can come together to connect, to study and to affiliate and develop a deep connection with the institution. The students are very involved in this process.

President Crow stated that mandatory meal plans are not financial matters to the university. They are academic matters. We have a less than 80% retention level for freshman students and the university believes that the way to help freshman students to succeed is to bring them together, to live together, learn together, eat together and be together. It is an institutional academic decision that we expect our freshman to leave together in residence halls.

Regent DeConcini asked if the meal plan was only for freshman. Jim Rund stated that it is only mandatory for freshman students and is voluntary after that.

Regent Mariucci asked if the universities could provide the Board with the data that relates to the distribution of students (where they live), by university. Where do students who do not live in residence halls live? She also asked if the Board could see the academic performance information relative to where the students live in a report. She also asked if the universities could include, relative to the rates by hall, what the capitalized costs per room is against what we are charging, so the Board can see the relationship between the yield and the cost to build the buildings particularly as it relates to projects that we have done privately versus in-house.

Regent Martinez expressed concern about a mandatory meal plan for ASU West since there is only one core facility for the students to utilize.

Regent DuVal suggested that adding the issue of mandatory meal plans to the tuition task force agenda might be beneficial. Regent Calderón stated that would be a great idea.

Regent DuVal asked what drove the difference in costs for the meal plans. Jim Rund responded that the meal plans costs are a function of the diversity in the program, the number of meals they get, which of the various retail options go with the plan, etc.

Regent Venezia stated that she is not comfortable with the information that she is being provided; she feels this is a fee and she will have to vote no on this matter.

President Haeger stated that he understands that the issue of mandated meal plans seems to be an issue, but it has been shown that there is a direct correlation with bringing students together in places where they study, eat, etc has a substantial impact on the universities ability to retain and graduate students. Also, in some cases, the fact that meal plans are mandatory that allows the providers to price their products and bring the necessary qualities. President Haeger stated that he welcomed the fact that the Regents would take a bigger look at this matter because it is an important issue for the universities.

President Crow reminded the Board that no student coming as a freshman will be prohibited from coming to the university for any financial reason. There is financial aid available to assist them.

Upon motion by Regent Bulla, seconded by Regent Boice, the Board approved the 2008-2009 residence hall and family housing apartment rates and meal plan rates for Arizona State University with a vote of 7 in favor 2 against (Regents Venezia and Calderón voting no) as presented in the executive summary.

HUMAN RESOURCES COMMITTEE (Chair: Regent Bulla)

Approval of the Proposed Amendment of Multiple-Year Employment Contract of Head Football Coach (ASU) (Board Agenda Item #18)

Regent Bulla stated that the Board was being asked to approve the amendment to the Multiple-Year Employment Contract of Dennis Erickson, Head Football Coach, Arizona State University.

President Crow stated that this amendment, if approved, would extend Dennis Erickson's contract for one year and receive a one-time payment in the amount of \$100,000 for the extraordinary achievement of being named Pac-10 Conference Coach of the Year in his first season at ASU, and adjust his salary as set out in the executive summary.

Upon motion by Regent Bulla, seconded by Regent DeConcini, the Board unanimously approved the amendment to the multiple-year employment contract of Dennis Erickson, Head Football Coach at Arizona State University, with a \$450,000 annual base salary and \$1,050,000 annual additional salary and according to the terms and conditions set forth in the Executive Summary.

Approval of Appointment of Executive Vice President and Provost (UA) (Board Agenda Item #19)

Regent Bulla stated that the Board is being asked to approve the appointment of Dr. Meredith Hay as Executive Vice President and Provost, University of Arizona.

President Shelton stated that Dr. Hay emerged from a strong field of outstanding candidates and received overwhelming support from the faculty, staff and students of the University of Arizona.

Upon motion by Regent Bulla, seconded by Regent Boice, the Board unanimously approved the appointment of Dr. Meredith Hay to serve as Executive Vice President and Provost at the University of Arizona, for an annual salary of \$350,000 and according to the terms and conditions set forth in the Executive Summary.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Dr. Watson delayed his report until the next Board meeting.

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

On behalf of all of the Regents, Regent Boice thanked President Crow and all of the staff for their hospitality and for making this meeting another great, well-run meeting.

ADJOURNMENT

The meeting adjourned at 11:30 a.m.

SUBMITTED BY:

Margaret L. Martin
Secretary to the Board

APPROVED BY:

Fred T. Boice
President