

MINUTES OF A MEETING



June 19 - 20, 2008

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**MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
Thursday and Friday, June 19-20, 2008**

A meeting of the Arizona Board of Regents was held June 19 and 20, 2008, in the High Country Conference Center, at Northern Arizona University, Flagstaff, Arizona.

President Boice called the meeting to order at 9:43 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

Absent: Superintendent Tom Horne
 Governor Janet Napolitano

Also present were President John Haeger, Dr. Elizabeth Grobsmith, Mr. Mark Neumayr, Dr. M. J. McMahon, Ms. Kathe Shinham, Ms. Christy Farley and Ms. Sandy Castro, Northern Arizona University; President Robert Shelton, Mr. Gregory Fahey, Dr. Jacqueline Mok, Dr. Gene Sander, Ms. Edith Auslander, Mr. Mike Proctor, Ms. Carla Nunn, Ms. Judith Leonard, Dr. Meredith Hay and Mr. Dave Harris, University of Arizona; President Michael Crow, Dr. Christine Wilkinson, Ms. Carol Campbell, Mr. Rich Stanley, Ms. Lisa Loo, Dr. Elizabeth Capaldi and Mr. Paul Ward, Arizona State University; Executive Director Joel Sideman, Secretary to the Board Peggy Martin, Board Counsel Nancy Tribbensee, Ms. Kathy Bedard, Ms. Christine Thompson, Ms. Anne Barton, Dr. Mark Denke, Mr. Lorenzo Martinez, Dr. Sandra Woodley, Ms. Cathy McGonigle, Ms. Stephanie Jacobson and Ms. Maryn Boess, Central Office; Darcy Renfro, Governor's office; and Dr. J. D. Mutchler, Arizona Faculties Council.

All lists, reports, summaries background materials and other documents referred to in these minutes can be found in the June 19-20, 2008 Documents Files.

Regent Boice welcomed everyone to the first meeting at the High Country Conference Center.

Regent Calderón led the Pledge of Allegiance.

Regent Boice then introduced J. C. Mutchler, the new Arizona Faculties Council representative. Dr. Mutchler is a History Professor and coordinator of the History

program at the University of Arizona South where he specializes in the history of the U.S. West. He also teaches graduate history seminars on the Main Campus and has been engaged in a multi-year, multi-million dollar public history project involving the restoration of an early 20th century Buffalo Soldier Fort in Naco, Arizona. At the University of Arizona Main Campus, Dr. Mutchler has served five years in the Faculty Senate and was recently elected Secretary of the Faculty. He is also on the Student Affairs Policy Committee, the Senate Task Force on Student Retention and the University Committee on Corporate Relations while chairing the Constitution and Bylaws Committee, the Faculty Membership Committee and the Honorary Degree Committee. Dr. Mutchler holds a B.S. and an M.A. from the University of New Mexico as well as an M.A., M. Phil. and Ph.D. from Yale University.

Regent Boice welcomed Ross Meyer, the incoming student regent.

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

CONSENT AGENDA

Regent Boice stated that Item #17 was removed from the Consent Agenda.

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

***Minutes**

The March 6-7, 2008 Executive Session Meeting Minutes and the April 24-25, 2008 Regular Meeting Minutes were approved.

ACADEMIC AFFAIRS COMMITTEE CONSENT AGENDA

***Proposed Revision to ABOR Policy 4-103, "Collection of Student Fees" (Second Reading) (Agenda Item #5)**

The Board approved on second reading a proposed revision to ABOR Policy 4-103. The revision will increase the maximum student delinquent financial obligation allowed at registration from \$25 to \$200.

***Proposed Revisions to ABOR Policy 4-207, "Review Procedure," for Tuition Classification (Second Reading) (Agenda Item #6)**

The Board approved on second reading the proposed revisions to ABOR Policy 4-207. The revisions will streamline the Board requirements that apply to student appeals of their residency classification for tuition purposes.

CAPITAL COMMITTEE CONSENT AGENDA***Combined Project Implementation Approval and Project Approval for SkySong Tenant Improvements Phase 2 (ASU) (Agenda Item #16)**

The Board approved Arizona State University's request for Combined Project Implementation Approval and Project Approval for the SkySong Tenant Improvements Phase 2 project at ASU Scottsdale Innovation Center. The \$4.2 million project will renovate 36,000 square feet of leased space on the third floor of Building #1 at SkySong. The project will be funded with upfront local university funds.

***Approval for Authorization to Extend the Existing Lease Agreement for the Sky View Apartments (UA) (Agenda Item #18)**

The Board authorized the University of Arizona to extend the current lease with Sky View Apartments for an additional two years, through July 31, 2012, along with a one-year renewal option through July 31, 2013.

***Approval to Exchange Land Between the University of Arizona and 5151 East, LLC (UA) (Agenda Item #19)**

The Board authorized the University of Arizona to exchange approximately 36.71 acres of land at the UA Science and Technology Park with 5151 East, LLC (KB Home Tucson/Lennar Homes) for approximately 11.5 acres of land at 36th Street and Kino Parkway and additional financial consideration.

TECHNOLOGY OVERSIGHT COMMITTEE CONSENT AGENDA***Information Technology Policies (Second Reading) (Agenda Item #21)**

The Board approved on second reading a proposed addition to ABOR Policies 9-101 through 9-305, "Chapter IX – Information Technology."

RESOURCES COMMITTEE CONSENT AGENDA***Authorization to Approve New Awards (ASU) (Agenda Item #26)**

The Board authorized Arizona State University to approve various new and continuation awards as described in the Executive Summary.

***Authorization to Approve Contracts (UA) (Agenda Item #27)**

The Board authorized the University of Arizona to approve various contracts as described in the Executive Summary.

***Approval of Arizona Area Health Education Centers (Arizona AHEC) Preliminary FY 2009 Program Budget (Agenda Item #28)**

The Board reviewed and approved the preliminary FY 2009 budget for the Arizona Area Health Education Centers (Arizona AHEC) Program.

***Appointments of New Arizona Area Health Education Centers Program (Arizona AHEC) Regional Centers Governing Board Members (Agenda Item #29)**

The Board approved the appointments of Arizona Area Health Education Centers Program (Arizona AHEC) governing board members for Eastern Arizona AHEC (EAHEC), Greater Valley AHEC (GVAHEC), Northern Arizona AHEC (NAHEC), Southeastern Arizona AHEC (SEAHEC), and Western Arizona AHEC (WAHEC).

HUMAN RESOURCES COMMITTEE CONSENT AGENDA

***Approval of Appointment of Vice President for University Advancement (NAU) (Agenda Item #30)**

The Board approved the appointment of Mason Gerety as Vice President for University Advancement Northern Arizona University.

***Approval of Multiple-Year Employment Contract for Head Coach, Men's Tennis (UA) (Agenda Item #31)**

The Board approved a Multiple-Year Employment contract for Tad Berkowitz, Head Coach of the Men's Tennis Team, for the period July 1, 2008, through June 30, 2011, University of Arizona.

***Approval of Appointment of Chief of Staff and Vice President (ASU) (Agenda Item #32)**

The Board approved the appointment of James W. O'Brien to serve as Chief of Staff and Vice President, Arizona State University.

CALL TO THE AUDIENCE

Per Board Policy 1-114, time was set aside for Call to the Audience, an opportunity for people to express their views or concerns to the Board.

High Country Conference Center Corporate Partners, Allen Gessell, R.V.P. Sodexo Education, Jeff Theiss, General Manager, Drury Inn & Suites, Larry Pearl, Sr. V. P. Sodexo Conferencing: expressed their thanks and appreciation to the university and the board for the partnership which developed the conference center and hotel.

Michael Slugocki representing the Arizona Students Association: He spoke about the change in the \$1 fee to a \$2 fee and thanked the Board for their support.

J. Andrew Clark representing the Arizona Students Association: He expressed thanks for the Board in assisting with the textbook cost issue.

ACADEMIC AFFAIRS COMMITTEE (Chair: Regent DeConcini)

Regent DeConcini chaired this portion of the meeting.

Approval of 2008-09 University Academic Strategic Plans (Agenda Item #1)

Provosts Capaldi, Grobsmith and Hay and Stephanie Jacobson joined the meeting for this presentation.

Regent DeConcini stated that the Board was being asked to approve the universities' Academic Strategic Plans which describe their proposed initiatives for academic program and organizational changes for the 2008-09 academic year. These plans were reviewed by the Academic Affairs Committee at its May 23, 2008, meeting and are recommended for Board approval.

He stated that at the January Board meeting the Board approved a change to Board policy which established institutional Academic Strategic Plans. The plans will be the means by which the Board approves new academic programs and organizational units as well as changes to the existing programs and units. The universities submitted their first plans to the Academic Affairs Committee in May and the Committee reviewed them and recommended them for Board approval today.

If approved, the universities will be authorized to establish new programs or new organizational units during the year which are listed on their plans, with one exception. Any new program which requires additional state funds or will require a program fee must come back to the Committee for separate approval.

Stephanie Jacobson stated that the plans are designed to make two key changes that the Regents were looking for. They are to streamline the process and to provide the big picture in order for the Regents to have a better understanding of the decision making processes and context in which they were made. There are four key components to the academic plans. The first is a narrative that describes the general direction and priorities of the university related to academic programs and academic organizational changes. Then there are three reporting sections. The first outlines the directions for the upcoming year, specific programs to be created, offered and eliminated and information on organizational changes. The second section, which will not be seen until next year, will provide a progress report on the previous year's plan. The final section is the annual report on centers and institutes.

Dr. Grobsmith summarized Northern Arizona University's plan. Dr. Hay summarized the University of Arizona's plan and Dr. Capaldi summarized Arizona State University's plan.

Regent Bulla stated that he felt this was a very good start, but he hoped that in the future these plans would get more into goals, measurements, and performas so the Board can easily recognize successes.

Regent Mariucci stated that she agreed with Regent Bulla and she believed this will be an evolutionary process and tool. More measurement data is needed so the universities can be market responsive. She stated that she believes the Regents need to understand the programs from a supply and demand framework. Ultimately this needs to be tied into the financial strategic plans so the Board can understand the cost structure at the component cost level of instruction.

Regent McLendon stated that the committee worked very hard and there has been a great deal of give and take on this matter. He stated that he agreed that accountability is needed, but he does not want to get involved with reports that take over what is being done in the first place.

Regent DeConcini stated that the Committee had asked for additional information to be included in future reports, such as information on the expansion of new or existing programs to other parts of the state. He further stated that the Committee also believed the universities should include how many students a new program expects to enroll. In the future, the Committee will also ask for anticipated enrollment by the 3rd or 4th year on any proposed new program as well as the actual enrollment for new programs.

Stephanie Jacobson stated that the quality and accountability of the programs was included in the program review report. The Board had not seen a program review report for some time. The Committee will now be looking at presenting some form of accountability through possibly a new and improved program review process.

Upon motion by Regent DeConcini, seconded by Regent Bulla, the Board unanimously approved the Academic Strategic Plans for Arizona State University, Northern Arizona University and the University of Arizona.

Progress Report on 2007-09 Learner-Centered Education Course Redesign Initiative (Agenda Item #2)

Stephanie Jacobson and Maryn Boess joined the meeting for this presentation.

Regent DeConcini introduced Carol Twigg, the President of the National Center for Academic Transformation. He stated that Dr. Twigg would be presenting a status report on the 13 courses participating in the Course Redesign Initiative (CRI) which was intended to increase student learning and improve use of resources.

Stephanie Jacobson stated that in December 2006 the Board hired a consultant to assist with developing and improving upon the original Learner Centered Education Court Redesign Initiative. Dr. Carol Twigg was chosen as the consultant. Dr. Twigg is here to provide a progress report on the 13 courses that are part of the redesign initiative.

Dr. Twigg reported that this new initiative in course redesign builds on the work of prior learner centered education grants. What characterizes the new program is that the previous program tended to focus on individual experiments with using technology. The new program tries to notch that experience up and focuses on large enrollment courses. During the FY 2007-2008 13 grants were awarded of approximately \$50,000 each. One of the goals was to adopt new ways to improve student learning outcomes and to demonstrate the improvements through rigorous assessment. Another goal was to reduce instructional costs and to free up instructional resources to be used for other purposes. The third goal was to develop the internal capacity of faculty and staff to continue the redesign process.

What is meant by course redesign? It is about redesigning whole courses, not just individual classes or sections to achieve both better learning and reduce costs by taking advantage of information technology. The 13 courses that are in progress now impact approximately 25,000 students. The program in Arizona is being built on what has been learned in prior national programs.

The 13 programs in Arizona consist of 8 from Arizona State University, 2 from Northern Arizona University and 3 from the University of Arizona. The grants were awarded in July and the programs have just completed their first pilots of redesign. Full implementations will occur this fall. All of the redesigns are trying to create more active learning environments. Many of the projects redesigned the content of the curriculum.

Examples of the pilot learning results to date are that most of the pilots saw an increase in exam scores and an increase in course completion rates. Several projects also saw reduced costs. There was an average savings of \$97 per student which is a total annual savings of \$1,559,530. The cost reduction strategy depends on the enrollment situation. For example, if enrollment is growing you could serve more students with the same resources. So they do not necessarily produce funds, but they lower the cost per student and/or free up resources, including faculty, to be used for other purposes.

Regent Boice asked how you compute the savings. Dr. Twigg stated that it is computed on the people's time and the value of people's time. For example if you have four instructors, what percentage of their salary and benefits is being devoted to that course and how many hours to they devote to that course. The redesign will free one or more of the instructors to do other things. The money does not transfer, but it is redistributed with those faculty being utilized to teach other courses, develop other programs and serve more students. The goal is to use the resources more effectively.

Regent Bulla stated that he was delighted to see the initial results of this program. He hopes that the results can be replicated in a broader manner. The idea of continuous improvement should be embedded throughout the universities. The idea that you can handle more students for the same dollars is very exciting.

Regent Martinez stated that this proves that the universities are committed to getting the biggest bang for the buck. He asked what student attitude was, what was their general reaction to the individual aspects of these courses. Dr. Twigg stated that the student reaction is mixed. Some students are very happy with this concept. At the same time, these redesigns require students to actually do the work. You cannot hide in the back of the lecture hall in these programs.

President Crow stated that one way to look at this is when ASU opens in August 2008, ASU will have added 20,000 students to the environment since 2001 and according to the calculations should have added 800 new tenure-track faculty members, and that has not occurred. Substantially fewer faculty were added through innovation on the part of the faculty and the utilization of these types of new tools that this occurred.

Regent DeConcini stated that he thought he might be better understood if the savings were equated to a number of faculty rather than a dollar figure; it would not be so confusing. Dr. Twigg stated that could be done as well, but you must remember that faculty are paid differently, so that would not be a magic fix either. She stated that it really is the value of \$1.5m.

Dr. Haeger stated that Arizona is one of the states competing for a Lumina Grant. A Lumina Grant is all about educating more students, faster and at less cost. Exactly what this program is trying to do.

Regent DeConcini thanked Carol Twigg for her report.

2008 Report on Implementation of the Recommendations of the Task Force on Textbook Costs (Agenda Item #3)

Mark Searle, Kathe Shinham, Melissa Vito and Mark Denke joined the meeting for this presentation.

Regent DeConcini stated that the Board would hear a report on the universities' progress in implementing the recommendations of the Task Force on Textbook Costs approved by the Board in June 2007.

Mark Denke stated that in September 2006 the Regents appointed a task force to evaluate the cost of textbooks and related materials from the student perspective. In June 2007, the Board approved the recommendations of the task force. This is the first report on the implementation plans.

Each university has made considerable progress implementing the recommendations. The recommendations have increased faculty and student awareness about the textbook market and how to make choices that keep costs down. There has been significant improvement in the bookstores engaging the university community in decisions about books carried and prices charged. Greater consideration of the cost of textbooks evaluated when selecting textbooks.

Mark Searle stated that ASU has been making deliberate and persistent efforts to lower the costs of textbooks and associated materials sold to students through the bookstore. He stated that using the library as a partner has been very advantageous in this endeavor. Electronic books are also being utilized by students.

Kathe Shinham stated that NAU's efforts have also been quite successful and have resulted in NAU meeting most of its goals. NAU has worked very hard to educate its faculty on this matter.

Melissa Vito reported that the University of Arizona's implementation of many of the recommended steps predates the formation of the task force. The UA exceeds the current ABOR recommendations and continues to improve their service and pricing. She stated that the UA has offered a price matching guarantee for books for the last ten years.

Regent DeConcini stated that he was impressed with how seriously the universities have approached this matter.

Proposed Revisions to ABOR Policy 5-308, "Student Code of Conduct," and ABOR Policy 5-401 through 5-404, "Student Disciplinary Procedures" (First Reading) (Agenda Item #4)

Art Farmer, Deborah Sullivan, Carol Thompson and Nancy Tribbensee joined the meeting for this presentation.

Regent DeConcini stated that the Board was being asked to review on first reading the proposed revisions to ABOR Policies 5-308 and 5-401 through 5-404. The revision addresses several complex issues such as the role of the universities for intervening in off campus events, definitions of prohibited weapons and the improper use of some new technologies related to student conduct. The changes were presented to the Academic Affairs Committee in May.

Nancy Tribbensee stated that input from faculty and students have been taken into account in the revisions of these policies. These policies create an administrative process to respond immediately to incidents of student conduct so an appropriate teaching and learning environment can be maintained.

Regent Martinez asked about how off-campus regulation, which has been underway at the University of Arizona, is going. Ms. Thompson stated that the University of Arizona

has been working on off-campus issues for some time. The City of Tucson has a red tag ordinance that governs unruly gatherings of five or more people. The Tucson Police Department is the enforcement agency that addresses red tag issues. In 2007 the police department provided the university with the red tag reports. Over three semesters, there were a total of 524 red tags in Tucson. More than half of these were non-students. Only 233 were student related and most of them did not fit the criteria of a serious incident.

PUBLIC AWARENESS COMMITTEE (Chair: Regent DuVal)

Update on Solutions Through Higher Education (Agenda Item #7)

Chris Bavasi and Anne Barton joined the meeting for this presentation.

Regent DuVal stated that the Board will receive an update on Solutions Through Higher Education and a presentation by Chris Bavasi, Co-Chair of the Coalition.

Regent DuVal stated that since the last Board meeting, one of the major things that has been worked on is the Stimulus Plan for Economic and Educational Development, commonly referred to as SPEED. The stimulus plan has been included in all of the recent Solutions presentations. Organizations and individuals are urged to communicate support for the plan to the legislature. The Coalition Co-Chairs have weighed in on the stimulus plan with a letter to key legislators, personal calls to legislators and some attended a legislative committee meeting regarding the package. Individual Coalition members have been contacting legislators and asking for support. An online petition was started to gather signatures of individuals who support the plan. The results: 1,000 signatures have been gathered and transmitted to the legislature.

Regent DuVal stated that there was actually a two-fold purpose in doing the online petition. Prior to the stimulus plan, Riester had suggested that we experiment with an online petition as a means for increasing Coalition membership. By using the online petition for the stimulus plan, the Coalition not only gained support for SPEED, but in a matter of a few weeks, Coalition membership was increased from 800 members to 1,400 members.

The Coalition will now focus attention on significantly ramping up the coalition membership as well as increasing the communication with and engagement of the coalition members so that they remain interested and involved.

Regent DuVal also stated that the Governor has made the Stimulus Plan her issue of the week and has issued a message to thousands of Arizona citizens to support this package.

Regent DuVal then introduced Christopher Bavasi. He stated that Chris holds an honorary Doctor of Humane Letters degree from NAU as well as the NAU Distinguished Alumni Award. He is Treasurer of the NAU Foundation and has served on many

university committees. He is founding director of the High Altitude Sports Training Complex. He was a member of the Flagstaff City Council for 16 years and served as Mayor for 12 years. Chris is a Co-Chair of the Coalition for Solutions Through Higher Education.

Mr. Bavasi spoke about the Coalition. Many people have talked about the need for people to get involved in improving education. This program is allowing that to happen. He spoke about why more people need to get involved and support the universities and education. Because Flagstaff has NAU, it has made a difference to the development of the city. Universities do more than educate people; they bring many things to the areas in which they are located. NAU is the economic driver for Flagstaff. NAU brings quality people to the community.

Regent DuVal then thanked everyone who has been involved with this project including Darcy Renfro from the Governor's office and the Riester people.

Regent DuVal then announced that Anne Barton would be retiring from the Board of Regents in August. He thanked her for her service and contributions to the Board and the State and most recently for her work with the Solutions Campaign.

Regent DuVal then spoke about the conference in North Carolina sponsored by the Lumina Campaign. As part of the Solutions public awareness campaign the value of higher education has been stressed and the need to adequately fund the universities has been emphasized. During the Solutions presentations the presenters are often asked how enhancements in productivity and cost-efficiencies fit in the picture when talking about resource needs. Policymakers and the public want to know that the university system is wisely spending each and every dollar they have before they invest more in the university system.

Regent DuVal stated that he believed that the Board can do more in terms of highlighting what the universities are currently doing in regards to productivity and cost-efficiency. He stated that the Board needs to be constantly reinforcing the degree to which they are good stewards of the taxpayers' investment in the university system, and Regent Boice is going to explain how we are going to begin doing that.

Regent Boice stated that the Board needs to make the public better aware of what is being done by the universities to be more productive and efficient in educating students and he further stated that discussion needs to occur about how to make the university system stronger, better and more accountable. He then went on to say the Board also needed to incorporate productivity into the fabric of everything that the system does. He does not want to pursue productivity at the expense of quality, but the system needs to continue to increase productivity while providing a high quality education.

Regent Boice stated that over the next few months he would like to begin a discussion of how to enhance productivity and will be asking for Regent input into this matter. Discussions have already begun in many areas such as looking at a new funding

formula which will need to incorporate productivity and accountability components, course redesign initiatives save money and improve learning outcomes, and most recently Arizona is in contention for a Lumina grant, the focus of which will be productivity.

Regent Boice stated that there are many other efforts that are underway and there are other efforts that can be undertaken. He then stated that there would be a study session at the August Board meeting to concentrate on this topic.

Update on Legislative Activity and the Budget for the University System (Agenda Item #8)

Christine Thompson joined the meeting for this presentation.

Regent DuVal stated that the Board would receive an update on legislative activities and the budget for the university system.

Regent DuVal stated that this legislative session is on pace to be one of the longest in history. Today is the 158th day of the session.

Christine Thompson stated that the FY09 Budget remains unresolved and the FY2009 deficit is now predicted to be more than \$1.9B. There is increasing support for the construction stimulus package within the negotiation process. Recently the Governor identified expansion of the Arizona Lottery as a means of dedicated funding to pay for the state's portion of the proposal. The proposed revenue enhancing modification to the Arizona Lottery will generate the revenue needed to pay for approximately 80% of the debt service costs and new general fund revenue, will holding harmless existing lottery beneficiaries.

Much of the legislation on the support list has passed and the legislation that was not on the list has not passed.

Regent Calderón raised the issue of the investing of state monies in countries that support terrorism which is set out in SB1489. The Board has not adopted a policy regarding this matter and has now determined that the legislature adopted a position and wants to ascertain that the Board's policy is in alignment with the state's policy. Christine stated that SB1489 had passed but there is another bill, HB2251, and there are some conflicting enactments that need to be dealt with. The State Treasurer is working on guidelines regarding this issue. Board counsel is reviewing the legislation in regards to the Board policy. Regent Calderón asked that the investment policy be revisited.

President Haeger stated that the linkage between the Solutions campaign and the SPEED proposal is very powerful.

The Board recessed at 12:00 p.m. and reconvened at 2:30 p.m.

Regent Boice stated that the first order of business was the discussion of the recommendations from the P-20 Council meeting had just occurred.

DISCUSSION OF RECOMMENDATIONS FROM P-20 COUNCIL

Regent Calderón stated that the Board would discuss the outcomes of today's P-20 Council meeting. He reported that during the meeting there was a reference to the Governor's teleconference which took place earlier in the week. The Governor was unable to attend today's meeting. The Governor is very supportive of education. She discussed the Centennial Scholars program which is intended to provide financial support for college costs to K-12 students who stay out of trouble and meet other criteria as far as academic qualifications and is intended to begin with the Class of 2012. Staff is working on various options, but it appears that based on the financial support that is now available this program will also have to take need into consideration. Hopefully, in the future and with additional funding, financial need might not be as high on the criteria list as it now appears it will need to be. Additional sources of funding for this program are being sought.

Regent Calderón then stated that he proposed that the Board officially agree to serve as the umbrella organization to develop and implement the Centennial Scholars Program. The Board and staff need to come up with an outline of how to approach this program and he felt it was important that we be certain that none of the students that are in the program now are prejudiced by the new program.

Regent Mariucci stated that this is an emotional campaign. But, she felt that most of the advertisements were not directly related in copy or iconic context to education and believed that these comments need to be passed on. Regent Calderón stated that he would share the message with the P-20 Council.

Regent Martinez stated that he is in full support of the Governor and the Centennial Scholars program, but he is concerned that the universities, who now make a very strong impact on financial aid, not negatively impact programs that are already in place.

Regent Leonard stated that she felt that the Board should look at doing more than just need based aid. There are families that are just right above the line to receive financial aid, but there is still a need. She stated that she believed that merit needs to be considered as well.

Regent Boice stated that he believed that people have to qualify academically before they can show financial need. Just having financial need will not get you money; a student must also show that they are academically qualified.

Regent DeConcini asked about including the legislature in the discussions regarding the Centennial Scholars Program and Regent Calderón stated that Board staff would have discussions with the legislature to see how they might be able to assist.

Regent Martinez wanted to be certain that if the Board goes to the Legislature to ask for increased funding for this program that we need to continue to protect the funding for the Arizona Financial Aid Trust.

Regent McLendon asked how the public is involved in this process. Regent Calderón stated that he thought we should let the P-20 Council and the Governor's office know that the public needs to be involved in this process as well.

Upon motion by Regent Calderón, seconded by Regent Boice, the Board unanimously approved the coordinating of the creation and implementation of the Centennial Scholars Program, with key stakeholders including the State Board of Education, Community Colleges, private philanthropic groups, private higher education entities and other groups, such as the Arizona College Scholarship Foundation, and will incorporate the Centennial Scholars Program with other existing scholarship and existing financial aid programs. The universities will be asked to discuss restructuring some of their financial aid programs to support the launch of the Centennial Scholars Program at the universities only.

REPORT FROM THE JOINT CONFERENCE COMMITTEE (JCC) OF THE UNIVERSITIES AND COMMUNITY COLLEGES

Regent McLendon asked about the recommendation by JCC regarding community colleges and baccalaureate degrees. Regent Calderón stated that over the last several years the community colleges had been attempting to get legislation passed that would allow them to offer baccalaureate degrees. Over that time, a framework for a process to assess whether there was a need for a community college to offer a four-year degree was put into place. The process involved the community college doing an economic study and an academic study of the cost and need and whether, with those things in mind, it still made sense. There also had to be a needs assessment which showed a justified need. Once those studies were complete and they showed that there was a need, it would be presented to the Board of Regents and the universities would be given the right of first refusal to offer whatever program was being assessed.

Regent Calderón stated that this last year there appears to be a resurgence of some community colleges wanting to offer a four-year degree. The Governor stated in her recent teleconference that she saw no need for community colleges to be offering four-year degrees except possibly in a very limited degree and this matter needed to be laid to rest.

President Haeger stated that the debate of whether, by whatever method, a community college should be able to offer a four-year degree has been going on for years and years. And there are many parts to this proposal that have yet to be answered. This is a very sensitive issue and the JCC is working hard on resolving the matter.

President Haeger stated that he believed the Governor made a very important, strong policy statement about what she wanted to see happen in this state and that is that the universities stay within their missions and the community colleges stay with theirs, except in very rare circumstances. There has been an enormous amount of time spent on this matter and hopefully the Governor has helped move other discussions forward. More time could be spent on transfer articulation, marketing the need for baccalaureate degrees in this state, taking the partnerships that exist between universities and community colleges instead of being focused on a single issue.

CAPITAL COMMITTEE (Chair: Regent Calderon)

Approval of FY 2009 Capital Development Plans (ASU, NAU, UA) (Agenda Item #9)

Carol Campbell, M. J. McMahon, Bob Smith and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated Arizona State University, Northern Arizona University, and the University of Arizona were requesting approval of their FY 2009 Capital Development Plans. The plans include projects from the Stimulus Plan for Economic and Educational Development (SPEED). The Capital Committee reviewed these items at its May 27, 2008, meeting and subject to including a Veteran's hiring preference on all capital projects and an Arizona-based business preference on SPEED projects, recommends Board approval.

Arizona State University (A)

Arizona State University was requesting approval of its FY 2009 Capital Development Plan and authorization to proceed with advance planning and preliminary design for 9 new projects, 4 resubmitted projects, and 1 previously approved project, totaling \$756.7 million.

Northern Arizona University (B)

Northern Arizona University was requesting approval of its FY 2009 Capital Development Plan and authorization to proceed with advance planning, facilities programming, and preliminary design for 2 new projects and 3 resubmitted projects totaling \$211.3 million. The plan also includes 2 projects whose scope and cost are to be determined.

University of Arizona (C)

The University of Arizona was requesting approval of its FY 2009 Capital Development Plan and authorization to proceed with 4 new projects, 3 resubmitted projects, and 3 previously approved projects, totaling \$798.5 million.

Regent Boice asked what preference meant. Could it mean you would end up taking the high bid because the bidder was from Arizona and not the low bid. Regent Calderón stated that he could not respond to that question. Exactly what preference meant is part of what was being worked out by legal staff.

Regent Mariucci stated that she believed that most high level construction is done by national firms with local offices, using local labor. She understands the intent and the spirit, but is not certain that what is being proposed here is appropriate. She believes that anyone who would compete and get this kind of job would be using local labor, and that is what is important, so she doesn't believe there is a need for this Arizona based business language. Regent Boice said that he agreed. He just didn't believe that this language would accomplish what was actually intended. Regent Mariucci stated that it might even do the exact opposite.

Regent DeConcini stated that this is an indication that the Board is prepared to perhaps pay more to have this work done in Arizona, by Arizonans, for Arizona.

Upon motion by Regent Calderón, seconded by Regent Boice, the Board approved the Arizona State University, Northern Arizona University and the University of Arizona Capital Development Plans for FY 2009, as presented in the Executive Summary, including a Veteran's hiring preference for contracts, and an Arizona based business preference for stimulus plan projects, subject to legal staff being able to successfully draft language on a vote of seven in favor and two opposed with Regents Boice and Mariucci voting no.

Combined Project Implementation Approval and Project Approval for the Distance Learning/AZUN Facility (NAU) (Agenda Item #10)

M. J. McMahon and Lorenzo Martinez joined the meeting for this discussion.

Regent Calderón stated that Northern Arizona University was requesting Combined Project Implementation Approval and Project Approval for the new Distance Learning/AZUN Facility. The \$12.5 million project includes a 24,500 square foot, three-story addition, and renovation of 13,500 square feet in the Communications Building. The project will be financed with system revenue bonds, and annual debt service of \$812,000 will be paid with TRIF and other university funds. The Capital Committee reviewed this item at its May 27, 2008, meeting and recommends Board approval.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved Northern Arizona University's request for Combined Project Implementation Approval and Project Approval for the Distance Learning/AZUN Facility project, as presented in the Executive Summary.

Combined Project Implementation Approval and Project Approval for the Recreation Fields Expansion (NAU) (Agenda Item #11)

M. J. McMahon and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Northern Arizona University was requesting Combined Project Implementation Approval and Project Approval for the Recreation Fields Expansion project. The \$7.8 million project includes expanding and adding recreation

fields, constructing a 4,000 square foot multi-purpose building, and programmable lighting. The project will be financed with system revenue bonds, and annual debt service of \$540,000 will be paid from student recreation fees. The Capital Committee reviewed this item at its May 27, 2008, meeting and recommends Board approval.

Upon motion by Regent Calderón, seconded by Regent Leonard, the Board unanimously approved Northern Arizona University's request for Combined Project Implementation Approval and Project Approval for the Recreation Fields Expansion project, as presented in the Executive Summary.

Approval to Issue System Revenue Bonds to Finance Capital Projects (NAU)
(Agenda Item #12)

Kathe Shinham and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Northern Arizona University was requesting authority to sell system revenue bonds in an amount to produce sufficient proceeds to finance six capital projects with project costs not to exceed \$43.3 million. The Capital Committee reviewed this item at its May 27, 2008, meeting and recommends Board approval.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved Northern Arizona University's request for authority to sell system revenue bonds in an amount to produce sufficient proceeds to finance six capital projects with project costs not to exceed \$43.3 million.

Approval of Energy Services and Performance Contract Phase II with APS Energy Services Company, Inc. (APSES) (ASU) (Agenda Item #13)

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

Regent Calderón stated that Arizona State University was requesting approval for Energy Management Services, LLC (EMS), to issue tax-exempt revenue bonds in an amount not to exceed \$46 million to finance the purchase of energy conservation equipment from APSES to be installed at the ASU campuses. The projects will help to increase productivity by reducing energy costs and contributing to the university's sustainability efforts. The Capital Committee reviewed this item at its May 27, 2008, meeting and recommends Board approval.

Carol Campbell gave a presentation regarding the energy saving projects that would be completed with these funds. She stated that bonds would be issued, the projects would be completed and the bonds would be repaid with the savings that are generated in this energy savings projects. Phase I has generated a savings of approximately \$3.3M annually. Phase II will invest \$46M and is projected to save approximately \$6.2M in energy costs annually.

Regent DeConcini stated that in the presentation it stated that APSES will guarantee through the performance of the contract, the energy savings. He asked if there was an escape clause. Carol Campbell stated that there was no escape clause. Regent DeConcini then asked what happens after the guarantee is met and the bonds are paid off. What keeps the utility from coming in and saying well, you saved this money and now we are going to double your rates. Carol Campbell stated that the rates are regulated. She stated that the utility company could receive a rate increase, but it would be for everyone they serve, not just the university. The savings are generated through reduced consumption and consumption is reduced for the long-term.

President Crow stated that ASU is working hard to be a neutral campus as far as carbon footprints are concerned. They are a leader in the nation in this endeavor.

Regent Martinez asked that this general topic be added to the productivity agenda.

President Haeger stated that all three universities had various plans working toward reduced consumption of energy. He stated that on the NAU campus all new buildings are being built with an eye toward reduced consumption of energy and being green. NAU needs to get students out of their cars, walking, riding buses, etc.

President Shelton stated that the UA has their gas turbines, etc., and because of this program the university has been able to add square footage, with very little increase in the total utility bill. The UA is also starting to add solar panels to generate electricity.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved Arizona State University's request for Energy Management Services, LLC, to issue tax-exempt revenue bonds not to exceed \$46 million to be used to purchase energy conservation equipment from APS Energy Services Company, as presented in the executive summary.

Project Implementation Approval for the UA Science Center and Arizona State Museum (UA) (Agenda Item #14)

Bob Smith and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that the University of Arizona was requesting Project Implementation Approval for the UA Science Center and Arizona State Museum facility at the Rio Nuevo Redevelopment District. The \$130 million project is a collaboration with the City of Tucson to construct a 127,000 square foot facility that will be funded with tax increment financing (TIF) revenues from the City of Tucson's Rio Nuevo TIF District.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved the University of Arizona's request for Project Implementation Approval for the Science Center and Arizona State Museum project, as presented in the Executive Summary.

Approval of Revised Articles of Incorporation, Bylaws, and Directors of the Research Park Development Corporation (UA) (Agenda Item #15)

Bruce Wright and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that the University of Arizona was requesting approval of the revised Articles of Incorporation, Bylaws, and appointment of the directors of the Research Park Development Corporation. The Capital Committee reviewed this item at its May 27, 2008, meeting and subject to requested changes to: 1) designate a Board of Directors appointment for a Regent, 2) clarify that ABOR could remove a Director with or without cause, and 3) remove language that allowed ABOR to delegate its authority on Board appointments, recommended Board approval. Those changes have been made in the materials presented today.

Upon motion by Regent Calderón, seconded by Regent Venezia, the Board unanimously approved the revised Articles of Incorporation, Bylaws and Directors of the Research Park Development Corporation, as presented in the Executive Summary and noting that Regent Fred Boice is appointed as the designated Regents' Director.

Regent Calderón stated that we would move to Item #17, which was removed from the Consent Agenda.

Approval to Sell and Reconvey the Braeside Observatory Property Located near Flagstaff, Arizona, Back to the Original Donor (ASU) (Agenda Item #17)

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

Regent Calderón stated that Arizona State University was requesting authority to sell the Braeside Observatory and residence located near Flagstaff, Arizona, back to the original donor, including waivers to Board policies requiring a public auction, listing of residential property by a licensed broker, and two appraisals. He stated that he was saddened to report that the original donor, Mrs. Marian Holmes-Fried, passed away before the transaction was completed. Given the circumstances, Arizona State University has revised their request for authority to sell the property to the rightful heirs of the property.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved Arizona State University's request for authority to take appropriate actions for the sale and re-conveyance of the Braeside Observatory property to the rightful heirs to the property, including waivers to Board policies requiring public auction, listing of residential property by a licensed broker, and the requirement for two appraisals, as presented in the revised Executive Summary.

The meeting recessed at 4:10 p.m. and reconvened at 9:15 a.m. Friday, June 20, 2008.

Regent Boice stated that the first order of business was the Report from the President of Northern Arizona University.

REPORT FROM THE PRESIDENT OF NORTHERN ARIZONA UNIVERSITY

President Haeger introduced Laura Huenneke, Vice President for Research, who presented information regarding the efforts to build the research mission of Northern Arizona University. Dr. Huenneke's job is to move the institution to meet the proposed goal from ABOR which is to double the research expenditures and build an infrastructure behind the research mission.

Dr. Huenneke stated that in 2005-06 a task force recommended the split of the graduate college and research functions. In 2007 the Vice President for Research position was established. There are four thematic areas in which research is being conducted. They are Bioscience and health, Environment and sustainability, diversity of human cultures and teaching and learning. A recent state performance audit stated that NAU needs to increase its activities in technology transfer and economic development.

Dr. Huenneke stated that NAU was benchmarking itself against an appropriate set of peers; i.e., Montana, Ohio University., University of North Dakota and the University of Southern Mississippi. NAU is classified as a doctoral high research activity institution that has a smaller amount of funding. NAU is currently very small in the number of doctoral degrees granted. Geographic location and setting were also considered when choosing peers. Rural settings constrain research expenditures.

Potential strategies for growth include establishing and clarifying policies and procedures, communicating strengths and capabilities more effectively, investing efforts in strategic areas, and exploring additional expansion of doctoral programs. A 10% annual growth would sustain doubling research expenditures by 2020.

TECHNOLOGY OVERSIGHT COMMITTEE (Chair: Regent DeConcini)

Report from the Technology Oversight Committee (Agenda Item #20)

Regent DeConcini gave an update on the June 18, 2008, Technology Oversight Committee meeting. He stated that the Committee approved the AZUN Strategic Plan for fiscal years 2009-2013. The plan consisted of five major areas including student learning and success, AZUN infrastructure, administrative effectiveness, improvement efficiency, marketing and public relations and strategic alliances. The Committee approved a 12 month extension to the Memorandum of Understanding for NAU to manage AZUN. The Committee also allocated \$200,000 for the 2009 Arizona Regents Reach Out (ARRO) grants. ASU informed the Committee of its intention to introduce a Tri-University project concerning high school electronic transcripts. This project would replace the current paper-driven transcript delivery process with an electronic process that would dramatically reduce labor costs and expedite transcript delivery.

STRATEGIC PLANNING, BUDGET AND FINANCE COMMITTEE (Chair: Regent Bulla)**System-wide Strategic Plan** (Agenda Item #22)

Sandra Woodley joined the meeting for this presentation.

Regent Bulla stated that the Board was being asked to discuss, consider, and possibly take action on specific components of the System-wide Strategic Plan to support the development of the final plan for the August Board meeting, including measurable outcomes and productivity measures. He also stated that Northern Arizona University was requesting authorization of a pilot joint admissions program.

Regent Bulla stated that the committee had been hard at work on strategic planning and working on the Decision Theater project. At the Decision Theater last week committee members went through the details of the strategic plan and talked about the future. The committee looked at the models that are still in progress, but will soon give information about all segments of the educational pipeline and where the university system fits in. Even though there is still work to do on the model, we were able to see that it will be an invaluable tool for strategic planning as the committee plots its way to 2020.

A considerable amount of time was spent asking how ambitious should the targets be in a number of key areas; how much capacity should be planned for enrollments from now to 2020 in order to reach degree production targets; how aggressive should the targets for degree production be; what kind of performance changes will be necessary to reach the targets; and what resources will be required to be successful. The committee is still working through the numbers and will need final output from the model to be able to bring the best and final recommendation on this, but progress is being made, but more work is needed between now and the August Board meeting. It is the committee's intention to present for Board consideration a final draft of the strategic plan at the macro level at the August Board meeting. The committee will then turn its attention to several micro planning exercises so that detailed strategies and action plans can be formulated and implemented by the end of this year.

Sandra Woodley stated that the models will be a great tool in the future to be able to understand all of the things that will have to happen to get the universities to the goals. The committee held a detailed discussion on how to define national competitiveness as called for in the strategic plan. The discussion revolved around getting to the national average of people in Arizona with a bachelor's degree or doubling the number of bachelor's degrees produced by all universities in Arizona. The possibility was presented that the plan could somehow cover both targets. All of the stars will have to line up to be able to attain the gold standard; the universities, the community colleges and K-12 included. Today we will be asking for approval of the vision statement, the mission statement and the strategic goals.

The vision statement is: A top-performing state university system nationally recognized for excellence in academic and research pursuits that support and stimulate a growing, vibrant economy and a high quality of life for Arizona's citizens.

The mission statement is: To increase the educational attainment of Arizona citizens by producing enough high-quality university degrees for Arizona to be nationally competitive by the year 2020; to increase the prominence of the system's research enterprise so its knowledge can contribute to the new knowledge economy and improve life in Arizona; and to provide the educated workforce needed to fill shortages and to stimulate demand for higher paying jobs in Arizona.

The Strategic Goals are: Education Excellence: To be nationally competitive in the percentage of Arizona's citizens with a high-quality bachelor's degree by providing affordable access through a well-coordinated and aligned system; Research Excellence: To increase the research capabilities and performance of the Arizona University System to a level of competitive prominence with peer rankings of top American research universities; Workforce and Community Engagement: To utilize the research, economic development, and community engagement contribution of the universities to create new knowledge, improve the quality of life, and add strength to the economy; and Productivity: To maximize the use of new and existing resources to ensure increased productivity while maintaining and enhancing quality in instructional services.

Sandra Woodley stated that the components that are still under review are numerical targets for selected indicators to 2020, a dashboard of key indicators and major system-level strategies under each of the four strategic goals.

Regent Bulla discussed the population projections that are being utilized determine population. There is some question about the possibility that the numbers were over estimated. But the committee will work on this matter to make sure that the population projections that are being used are as good as they can be.

Regent DeConcini asked about how realistic the goal of doubling the number of baccalaureate degrees is. He stated that it seemed to him that it would take more than just the universities to agree to this goal without the cooperation of the community colleges and K-12. Regent Bulla stated that first the goal needs to be refined and then the details of how to get there will be refined.

President Crow stated that this will be a very significant challenge. President Shelton stated that there will be questions about space, how to pay faculty to teach the increased number of students, etc.

Regent Mariucci stated that this is a very complex endeavor and we need to have as accurate a picture as we can, but this is an implosive model unless and until there is some radical paradigm shift in how to fund all of this. She stated that one of the things that she believed could be done are the radical solutions; how do you fundamentally,

wholesale change the whole delivery system in this state without any critique of whether it will work or not, but just starting to plant the seeds and get the Board educated. Arizona, more than any other state in the U.S., is right to face and focus on this issue. She stated that it might be appropriate to bring in some of the national experts on how you radically transform higher education in rapidly growing, under-resourced states and start planting the seeds and opening eyes, while the strategic planning committee is finishing their work. Regent DeConcini agreed that this would be a good idea.

Regent Bulla stated that the way we are going to deliver education in the future has got to be addressed and will be addressed before there is a final plan.

Regent DuVal stated that the Governor has put herself out for education. We have to set the bar high to try to give the Governor a matrix and a plan which supports her vision. The Board needs to think very dramatically about how to do this. If you think about some of the things that we are doing, they are very significant. The joint admission model has great potential, the productivity initiative is very potential, the long-term comprehensive financial aid program will assist with the challenge, and having dedicated revenue sources so the system can have steady, long-term institutional guarantees to allow the system to make sustained commitments that are tailored toward persistence.

Regent DeConcini asked if there was a problem with increasing the requirements to get into the university. The bar has been raised and he believes the Board needs to think about if that is where they really want to be. President Haeger responded that students need to be prepared with 21st century skills so they could function in this economy. The bar needs to be raised in high school. The universities would be doing the students a great disservice if they gave them an education that did not prepare them for employment. President Haeger stated that he believed that any student who wanted to get a baccalaureate degree should be allowed to get one, but be prepared for college in the K-12 system. President Crow stated that Arizona State University has been learning that the system has not taken enough care in the past to nurture students into the correct starting position. ASU is attempting to understand each student's preparation level prior to coming to the institution and students who are college capable, but underprepared, are being assisted with getting the proper preparation.

Regent McLendon stated that the Board is trying to find out where we want to go so that we can give the best that we can give to the people in this state. It doesn't mean that we will be there tomorrow, but we need to know where we want to be and what it takes to get there.

Upon motion by Regent Bulla, seconded by Regent Calderón, the Board unanimously approved the vision statement, mission statement, and strategic goals for the Arizona University System long-term strategic plan, as presented in the executive summary.

Regent Bulla then stated that a large part of the Board's ability to succeed with the strategies under the Education Excellence goal depend on the processes and

relationships with community colleges. President Haeger has been working on ways to smoothly transition students from community colleges into four-year degree programs.

President Haeger described his "seamless joint admission" program with Coconino Community College (CCC) that he wished to have approved today. He introduced Leah Bornstein, President of Coconino Community College. He stated that this program intention is that jointly admitted students complete their Arizona General Education Curriculum at CCC and continue on the path toward a baccalaureate degree at NAU. The university and CCC will share jointly admitted student information. There will be a simple application process, joint advising and planning of the student's career path, joint admission centers and student support services, NAU services such as e-mail will be available to the jointly admitted students, and the transition to NAU will be made easy through academic and financial aid advising, diligent planning of the career path from the beginning, and ongoing support to help students adjust to university life and coursework demands. Both ASU and UA have joint admission programs with the community colleges, but they aren't working exactly like this program would. President Bornstein stated that students need to be helped with thinking of themselves as capable of getting a baccalaureate and knowing that education adds value to their lives. This is a way to help remove the barriers so that students can move through the system. This program is a step in working toward that end.

Regent McLendon asked if similar programs could happen between K-12 and the Community Colleges. President Bornstein stated that this was very possible and there are models that are happening around the United States that should be looked at. Regent McLendon stated that he thought these types of models should be investigated.

President Haeger and Regent Bulla stated that they felt it was in the Board's, NAU's and Coconino Community College's interest for the Board to go on record in support of this approach.

Upon motion by Regent Bulla, seconded by Regent Calderón, the Board unanimously authorized Northern Arizona University to move forward in implementing a pilot joint admissions program with interested community college districts.

RESOURCES COMMITTEE (Chair: Regent Calderón)

Report on the Tuition Task Force (Agenda Item #23)

Sandra Woodley joined the meeting for this presentation.

Regent Calderón gave an update on the proceedings of the Tuition Task Force on April 25, 2008.

Regent Calderón stated that the third meeting of the Tuition Task Force would be held later today. He stated that at the April 25th meeting there was a full discussion about the various goals and objectives for tuition setting. The committee heard from Regents,

students, Presidents and administrators. He stated that he believed it was very useful for everyone to see the same analyses and hear each other's perspective on these important issues. Several key themes resulted from these discussions: Affordability and how to define affordability; funding adequacy and future needs related to long-term goals, and finally who pays the bill and how financial aid fits into the equation.

Based on the discussions at the April meeting and work generated by staff and the Tuition Task Force, at today's meeting we will be discussing a draft concept that seeks to bring all the factors together into a fully aligned and connected policy. The goal is to explore the extent to which we can improve the process to consider the three important themes when establishing tuition levels. The Task Force hopes to be able to balance the need for more resources to achieve an aggressive strategic agenda to 2020 with the desire to make sure that students will continue to have the ability to pay for college. The draft concept that will be on the table at today's meeting establishes particular objectives and then identifies six key measures from which to consider tuition levels. Based on the analyses of these six factors and other pertinent information, the Board could choose to set guidelines for tuition proposals.

Approval of FY 2009 Technology and Research Initiative Fund (TRIF) Regents Innovation Fund Budget (Agenda Item #24)

Kathy Bedard joined the meeting for this discussion.

Regent Calderón stated that the Board was being asked to approve the FY 2009 TRIF Regents Innovation Fund budget in the amount of \$2.2 million.

Regent Calderón stated that there is an audit underway regarding internal controls at the Arizona Water Institute, one of the projects supported by TRIF. The results of the audit will be reported back to the Board. Review of that audit will assist Regents in maintaining oversight of funds expended under TRIF.

Regent Boice asked if the \$100,000 committed to the Arizona Water Institute was the last year of our commitment. Kathy Bedard stated that was correct.

Regent Bulla stated that part of the reason for having an innovation fund was to have funds for innovation and emerging issues during the year so we could have flexibility. He noted that there was no money in this year's budget for emerging issues. He suggested, strongly, that the Board attempt to find funds for emerging issues.

Kathy Bedard stated that the FY 2009 budget is a very tight budget partly because there will probably not be an increase in funding this year over last year. Ordinarily, there has been an approximately 5% increase in the revenue number each year. Also, 2009 is also the final year of several multi-year commitments so in 2010, there will be more flexibility with our funds.

Joel Sideman stated that there is some flexibility with respect to fund in the ARRO grant program. One of the options is to utilize some of the money in an area that would give flexibility with respect to issues related to technology delivery, or if the Board chooses, they could reallocate some of the ARRO money into TRIF.

Regent McLendon stated that he believed the impact of the TRIF money on the universities has been tremendous. This was a measure backed by both parties, an effort to do something to let the voters decide whether they wanted a project like this. It is possible for folks to work together and for things to get done in this state.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved the FY 2009 TRIF Regents Innovation Fund Budget in the amount of \$2.2 million, as presented in this Executive Summary, with the condition that this matter will come back after an evaluation of TRIF and ARRO to see if there additional monies that could be put in emerging issues.

Approval of Request to Increase Arizona Students' Association (ASA) Student Fee (Agenda Item #25)

Serena Unrein, ASA Executive Director, and Lindsay Bayuk, outgoing ASA Board Chair, joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to approve the request of the Arizona Students' Association to increase its student fee from \$1.00 per student per semester to \$2.00 per student per semester effective Fall semester 2008. This is a voluntary fee.

Lindsay Bayuk stated ASA reached out to students to get their support on this item and the students voted overwhelming in favor of this request. She stated that ASA will be giving the Regents an annual report on what they are doing and she thanked the Regents for their support.

Upon motion by Regent Venezia, seconded by Regent Bulla, the Board unanimously approved the request of the Arizona Students' Association to increase its student fee from \$1.00 per student per semester to \$2.00 per student per semester beginning Fall 2008, as presented in the executive summary.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

J. C. Mutchler stated that the AFC met with Carol Twigg yesterday. There was a very spirited discussion and the AFC is not unanimously agreed that they would like to see the LCE program continue and encourage the Board to continue and support this program. This morning the AFC received a presentation from Cathy McGonigle on the Solutions Through Higher Education Initiative and the AFC unanimously passed a recommendation endorsing and supporting this initiative and expressed their desire to

work with the Solutions Initiative. The AFC is developing is an action plan to find ways in which the faculty across the state can be helpful in this initiative.

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

Regent Boice stated that this was Mary Venezia's last meeting. It is so gratifying to see the way the students grow during their two years on this board. He thanked Mary, on behalf of the Board, for her service to the Board and for her outstanding job of presenting the student voice.

Everyone, including ASA, the Regents, the Presidents on behalf of the universities, and Joel Sideman on behalf of the Central Office, thanked Mary profusely for her service, her time, her grace, her smile, her hard work, and her dedication.

Regent Boice, on behalf of the Board, also thanked Anne Barton for her time and service as she will be retiring in the coming month. She has made a large contribution to the central office and will be missed.

Regent Calderón, on behalf of the Board, then thanked Edie Auslander for her service and large contribution to the regents and the universities. She has been an advocate for poor people, students, student retention, and women's rights. She will be missed.

ADJOURNMENT

The meeting adjourned at 11:30 a.m.

SUBMITTED BY:

Margaret L. Martin
Secretary to the Board

APPROVED BY:

Fred T. Boice
President