

**MINUTES OF A MEETING**



**March 12 & 13, 2009**

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**MINUTES OF A MEETING  
ARIZONA BOARD OF REGENTS  
Thursday and Friday, March 12 and 13, 2009**

A meeting of the Arizona Board of Regents was held March 12 and 13, 2009, in the Memorial Union, at Arizona State University, Tempe, Arizona.

President Boice called the meeting to order at 9:30 a.m.

Present:       Regent Boice  
                  Regent Bulla  
                  Regent Calderón  
                  Regent DeConcini  
                  Regent DuVal  
                  Regent Leonard  
                  Regent Mariucci  
                  Regent Martinez  
                  Regent McLendon  
                  Regent Meyer  
                  Superintendent Horne (Friday only)

Absent:         Governor Janice Brewer

Also present were President Michael Crow, Mr. James Rund, Mr. Rich Stanley, Dr. Elizabeth Capaldi, Mr. José Cárdenas, Ms. Lisa Loo and Ms. Lori Briese, Arizona State University; President Robert Shelton, Mr. Gregory Fahey, Dr. Gene Sander, Ms. Judith Leonard, Dr. Jacqueline Mok, Ms. Carla Nunn, Dr. Leslie Tolbert, Dr. Meredith Hay, Dr. William Crist, Mr. Mike Proctor and Ms. Melissa Vito, University of Arizona; President John Haeger, Dr. Elizabeth Grobsmith, Mr. Mark Neumayr, Ms. Christy Farley, Dr. M. J. McMahan and David Bousquet, Northern Arizona University; Executive Director Joel Sideman, Board Counsel Nancy Tribbensee, Secretary to the Board Peggy Martin, Dr. Art Ashton, Ms. Emily Palumbo, Ms. Christine Thompson, Ms. Andrea Smiley, Ms. Stella Galaviz, Dr. Sandra Woodley, Ms. Cathy McGonigle, Ms. Stephanie Jacobson, Mr. Dan Anderson, Mr. Lorenzo Martinez, and Ms. Kathy Bedard, Central Office; and Mr. Dave Harris, Mr. Ted Ferris, Ms. Karla Phillips, Governor's office and Dr. J. C. Mutchler, Arizona Faculties Council.

All lists, reports, summaries, background materials and other documents referred to in the minutes can be found in the March 12-13, 2009 Documents Files

Regent Boice welcomed everyone to the meeting.

Regent Calderón led the Pledge of Allegiance.

**CONSENT AGENDA**

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

**\*Minutes**

The January 22-23, 2009 Regular Board Meeting Minutes, January 19, 2009 Special Board Meeting Minutes, January 27, 2009 Special Board Meeting Minutes, February 19, 2009 Special Board Meeting Minutes and December 4-5, 2008 Executive Session Minutes were approved.

**RESOURCES COMMITTEE CONSENT AGENDA****\*Continuation Award (ASU)** (Agenda Item 3)

The Board approved Arizona State University's request for a continuation award from the Arizona Department of Economic Security for support of an ASUW – Human Services project.

**\*Research Contracts (UA)** (Agenda Item 4)

The Board approved the University of Arizona's request for research contracts with Raytheon, Stanford Research Institute (SRI) International and the Arizona Early Childhood Development and Health Board (AZECDHB)

**\*New and Continuation Awards (NAU)** (Agenda Item 5)

The Board approved Northern Arizona University's request for a continuing award from the USDA Forest Service Southwestern Region, a continuing award from the National Science Foundation, and a new award from the Science Foundation Arizona.

**\*Transfer of Technology (ASU)** (Agenda Item 6)

The Board approved Arizona State University's request to transfer technology to Restorative Biosciences, Inc., pursuant to a License Agreement between AzTE and Restorative Biosciences, Inc., and to transfer technology to SynSonix, LLC pursuant to a License Agreement between AzTE and SynSonix, LLC.

**HUMAN RESOURCES CONSENT AGENDA****\*Appointment of Regents' Professors** (Agenda Item 18)

The Board approved the University of Arizona's request to promote three faculty members to the rank of Regents' Professor.

**STUDY SESSION: BUDGET PLANNING, ORGANIZATIONAL DESIGN AND PROGRAM DELIVERY OPTIONS** (Agenda Item 1)

Regent Boice stated that the Board was being asked to discuss in a study session format the impact of the national economic downturn that has resulted in dramatic cuts to the FY 2009 state General Fund appropriations to the Arizona University System. This discussion will

include budget planning, organizational design and alternative academic program delivery options. Sandy Woodley joined the meeting for this presentation.

Regent Boice stated that one of the items that the Board will be asked to approve this afternoon is the final 2020 Vision long-term strategic plan. The plan establishes the framework for where the university system wants to go over the next twelve years. It sets forth the vision of how the universities will use their limited resources to increase the number of bachelor's degrees produced by the year 2020. The 2020 Vision is an excellent, living document for long-term planning purposes that should drive budget decisions. He further stated the university system now is faced with a short-term, but large, problem that no one could have anticipated when crafting the 2020 Vision.

That is the purpose of the study session this morning: To highlight exactly where the system stands in this economic and financial downturn and the actions that are being taken to manage the way through these difficult times and to come out at least whole, and hopefully stronger, on the other end.

The Board will hear presentations and discussions in four areas: (1) How we got here, an explanation of the recent FY 2009 mid-year general fund budget cuts followed by how the three presidents are implementing these cuts and their preliminary planning for FY 2010; (2) The latest information on the federal stimulus funds, how much to expect and when it might be expected; (3) The presidents will present their efforts to manage the budget cuts through organizational design and development of alternative models of instructional delivery; and (4) Regent DuVal will describe how the Lumina planning grant effort will help put many of the pieces of the puzzle together.

Regent Boice called on Sandy Woodley to explain what the universities are facing. Sandy Woodley stated that the budget cuts are having a very large impact on people. When you look at the budgets of the universities, as a service agency, most of their funds are in personnel. The effects on positions, furloughs and lay-offs are severe. If you look on a funding per student basis, the cuts, up to and including the \$140 million cut, created a situation where the universities in general funds are, on average, \$1700 per student below the line compared to 2008. If you count the tuition and fee revenue and you look at total public funding, the universities are still \$1200 per student below the operating revenue per student that the universities had in 2008. This scenario puts reaching the silver or gold tier of the strategic plan at risk. There are twelve years to make up some ground, but what happens in the next two or three years will be crucial to the system's ability to achieve at the highest level.

Each President will now describe the steps taken to implement and manage the budget cuts and comment on planning for FY 2010.

President Crow stated that the 2010 budget planning exercise is very challenging because of the unknown elements of the stimulus package, the tuition and fee package and the legislature's final allocation of the budget. President Crow further stated that he had three elements in his strategy to approach the current fiscal stress. The first element is to generate new revenue so that there will be no deterioration in program efforts, maintain core services and continue to advance the institution. President Obama has identified public universities as

a critical, national strategic asset and has advanced a plan to make certain the universities don't fall below a particular funding level. The second element is to restructure and redesign the institution and the last element of the strategy is to make cuts where cuts are needed. The FY 2010 has identified the scale of reduction necessary for 5%, 10%, 15% and 20% reductions in various categories of flexible resources. Flexible resources would be staff, financial aid, and operating costs, etc.

President Haeger stated that the core mission of NAU is student centered. NAU has decided that, to be able to serve the students, tenure and tenure-track faculty need to be protected. He further stated that the university is freezing positions until there is a sense of what the state is going to do. Most people don't understand how the university budgets are structured. NAU's total revenue is \$401,000,000 and only \$161,600,000 of that revenue comes from the state and those funds are in jeopardy. Another 21% of the universities revenues are restricted. For FY 2010 the university needs to work with a general fund budget of \$140,272,600. President Haeger stated that NAU will see some savings from curricular efficiencies including course schedule revisions, minimum class sizes, faculty workload rebalancing, and consolidation/reorganization of specializations, etc. He stated they are looking at rural delivery systems in new and different ways. It is possible that NAU will have to reduce or remove some services or programs from rural sites. He stated that the university is also looking at health benefit reductions. The university will no longer cover the carrying charges when tuition is charged to a credit card. Tuition and fees are being evaluated as are program fees and course fees.

President Shelton stated that assuming no further reduction to be enacted for the remainder of FY 2009, the University of Arizona will absorb over \$75M in reductions. The university has been restructuring programs and eliminating certain programs and activities so the university could focus on its core. The university also implemented a hiring freeze and swept fund balances to capture funds to help cover the mid-year cut. The university has found all but \$15M to cover the cuts. The university will need additional revenue sources to cover any further reductions. The University of Arizona has consistently stated that reductions taken in the second half of FY 2009 greater than ten percent would force the university to bring forward additional tuition and fee proposals beyond what was approved in December 2008. An increase in tuition and fees would only lessen the substantial erosion to academic programs, student support, and operational funding suffered with the reduction to the general fund already imposed in FY 2009. The State Fiscal Stabilization Fund (SFSF) of the American Recovery and Reinvestment Act (ARRA) will provide some measure of temporary support. However, as emphasized in the US Department of Education's principles guiding the distribution of SFSF monies, "ARRA represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. These funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires."

Regent DeConcini stated that he got the feeling that the presidents believe the potential loss of faculty is imminent but he would think that people, even faculty, would be grateful for a job and not as willing to change jobs in these uncertain times. President Haeger stated that he is already losing faculty. There are states where the impact is not as great as it is in Arizona. It is unlikely that the budgets will bounce back and the universities will be funded like they were before. The universities and the university system need to find other sources of revenue so

that in the future they are not as dependent on state resources. President Crow stated that there are some stresses everywhere, but many other states were ahead of the curve on this matter. President Shelton agreed with both President Haeger and President Crow. Faculty are motivated by a multitude of things including salary, but also by having stimulating colleagues, a great library, a super computer, the ability to put forward their ideas and argue back and forth, if they sense they can do that in a better way, they will be tempted away.

Regent DuVal stated that the federal stimulus pack has some opportunities for the university system. There are many other opportunities for funds as well. An example would be federal grants for science and technology. What are the universities doing to get their fair share of this money? All three universities said they were going after various grants. The University of Arizona stated that NASA is a big source of dollars for the university, NIH has funds available for research and DOE has various funds available for things like renewable energy and climate change. The faculty is good at going after competitive grants and the universities are being very aggressive about applying for moneys that are available.

Regent Boice introduced Karla Phillips, Governor Brewer's policy advisor in higher education.

Regent Boice then introduced Ted Ferris who has been engaged to assist the Board in taking full advantage of the stimulus funding set out in the American Recovery and Reinvestment Act of 2009 (ARRA).

Ted Ferris stated that he believes Arizona can potentially receive \$4.4B funded under ARRA. There is additional grant money available in the Medicaid funding and the State Fiscal Stabilization Funds (SFSF). There is a total of \$53.6B included for SFSF purposes which breaks out as \$5B for state incentive grants and innovation awards and \$48.5B in support of restoring state budget cuts that would otherwise occur. Arizona's estimated share of the \$48.5 billion is \$1.02B. Arizona's share of the \$5B cannot be determined at this time.

Each state is required to use a minimum of 81.8% of the SFSF monies for education. For Arizona, the estimated breakout of the \$1.02B is a minimum of \$832M for education and \$185M for general government purposes, including education. Quite importantly, the ARRA directs the Governor of each state to first use these monies to restore K-12 and Higher Education funding in FY 2009, 2010 and 2011, to the higher of their funding levels of FY 2008 or FY 2009. The ARRA further directs the Governor of each state to first use these monies to restore K-12 formula funding and Higher Education funding to the higher of their funding levels of FY 2008 or 2009. The bill also includes maintenance of effort requirements -- in order to qualify for SFSF monies states must maintain funding levels for education at least at the FY 2006 level.

ARRA also includes a very important "shortfall" provision that says that if the SFSF are insufficient to fully restore education funding in fiscal years 2009, 2010, and 2011 to the greater of fiscal year 2008 or 2009 levels, the Governor shall allocate those funds between those clauses in proportion to the relative shortfall in State support for the education sectors. This language is critical since Higher Ed is being targeted for disproportionately large cuts.

Mr. Ferris went on to say that it appears the university system would be best served if the SFSF monies were first used to restore all sections of education to the higher of their FY

2008 or original FY 2009 levels in FY 2009. This strategy may be upended by the need to use a portion of the SFSF monies to help offset any further revenue shortfall in the current fiscal year.

The Governor must indicate her intent to apply for these funds within 45 days of February 17 and must allocate the monies within two years. The U.S. Department of Education has indicated its intent to get 2/3 of the SFSF monies out within 45 days. The universities must use the funds for general and education purposes and in a way that mitigates the need to raise tuition for in-state students. Monies may also be used for modernization, renovation or repairs of education facilities primarily used for instruction, research or student housing and are consistent with recognized "green" building system.

Ted Ferris suggested that the Board of Regents should consider meeting with representatives of K-12 and the Community Colleges in an attempt to create a balanced and fair apportionment of these monies. Further, the educational community will need to be united in support of a temporary tax increase, should that go to the voters.

Regent Boice asked exactly what is one-time money. Ted Ferris responded that it is revenue that is being put into play that is not in the base revenue. One time money will run out and is limited. States must be cautious when applying these funds, because they will run out. Mr. Ferris stated that he believes this needs to be a three year program; FY 09, 10 and 11. Regent Mariucci stated that her definition of this one-time money is that it gives us breathing room to thoughtfully and deliberately prepare to live without it.

President Crow stated that the presidents are required to advance the institutions on the information that is available now. No one knows what resources are going to be allocated to the universities. From a timing perspective the universities need to prepare for the Fall semester now with the information that they have now.

President Haeger stated that this is a fundamental reshuffling of the universities' budgets and how the universities will go forward in the future. This is a life changing event.

Regent Calderón stated that he realized that decisions regarding the fall semester are being made now, but he believes we need to set up mechanisms to be flexible. The Board has to remember this is one-time money, it will help alleviate problems that we have now, but the ongoing revenue stream is going to be a big issue. The Board needs to move away from the position of always looking to the state legislature for revenue. Some states have moved away from being state university systems to being state assisted university systems. Regent Calderón then asked Ted Ferris if he would be willing to convene key stakeholders, Joel Sideman, Karla Phillips, etc., and see if the Board can offer the Governor's office assistance in determining the portioning of the stimulus money that comes to education. Ted Ferris responded that he would be happy to work on this. He believes that the Governor will be receptive to this plan. Bringing the sectors together to work on a common solution is a good idea.

Regent Mariucci stated that she thought convening key stakeholders is a great idea to provide framework for the stimulus money to be divvied up, but the Board needs to remember that it is incumbent on the Board to determine what the focused priorities are for the stimulus

money. The universities cannot go back to the way things were. The money needs to be used to effectuate long term change and organizational redesign and the things that need to be done in order to operate in this new world. It will never be the same again.

Regent Bulla stated that the Board needs to come to grips quickly. These are drastic cuts and this is a drastic degrading of education. We need to work hard to find new and better revenue streams, or whatever it is that is needed to do, so that there will be no more deterioration in our education system. Regent Bulla further stated that he felt we needed to have a methodology if not by the April meeting then as early as absolutely possible.

Regent McLendon stated we should not be looking backward, we need to look forward and when this is all done, we will be better. Things are changing as we are sitting here today. The universities are not the same today as they were six months ago. The universities are retooling and making changes and becoming even more efficient and better in the way they provide services to the citizens of this state. He stated that he felt we needed to have a timeline as to when things are going to happen and need to happen.

Regent Boice stated that Ted Ferris would report on the progress of the FACT group. Ted stated that the FACT group has been meeting to produce a report regarding options to resolve the deficit. The Governor has now weighed in as to what she would like to see. The group is looking at a number of options to resolving deficit and additional revenues including temporary sales tax, recent tax cuts could be suspended, rollovers are being discussed, relief from Prop. 105 is being discussed, where borrowing can be used, is there a use for sale/leaseback programs, possibly privatizing certain programs and the rainy day fund needs to be funded at a higher rate such as 15%.

Regent Boice asked the presidents to describe their efforts in organizational design and development of alternative models for delivery of academic programs.

President Haeger stated that the first issue is "what is the problem that we are trying to solve?" Research universities in this state are very high caliber. The Board also needs to be very conscious of the state's need to educate students in terms of accessibility, which translate to closer to home and affordability. But, the real problem that the system needs to solve is how to educate more baccalaureates at less cost and faster. The architecture of the universities needs to change and for each of our three universities that will be different. If all baccalaureate degree seeking students were to be educated in one of the three research universities it will be a very difficult proposition. A regional campus or regional partnership with a community college can provide much lower costs for producing baccalaureate degrees in both faculty costs, and tuition. The characteristics of a regional college are a structured academic program, the faculty role is teaching and applied scholarship, there can be hybrid delivery of programs, and student services are limited. When it comes to funding sources the need to build on partnerships with community colleges helps with cost sharing, and the cities and counties that want these programs available in their areas would need to help support the programs. There are a few governance issues that still need to be resolved. Web delivery is another key alternative delivery system for cost savings.

President Haeger stated that he believed that ITV is on the way out and all delivery will go to the web in the near future.

President Shelton stated that two years ago the University of Arizona started a comprehensive strategy of reorganization and reinvestment. President Shelton stated that the UA enrollment is projected to grow from 38,000 to 52,000 students by 2020; the university will serve 10,000 new students through targeted hybrid delivery, specifically reducing costs. The UA will be able to focus its investment in a small number of high-demand, high-quality degree programs, they will work closely with community college partners, rely on a small number of instructionally-driven faculty, living in target communities or delivering from main campus or between locations and significant community investment in infrastructure. Through this model, the University of Arizona will make a significant and sustainable contribution to Arizona's baccalaureate goals, while at the same time dramatically reducing per-student program costs.

Regent Mariucci asked why the costs are so high in the beginning. Michael Proctor stated that the reason is there are some start-up costs to get the programs going as well as some legacy with space leases, etc., that are being changed.

President Crow stated that Arizona State University has been redesigning their programs for the last several years. ASU is beginning to differentiate the platforms into three scales. Each campus has a core college. At the main campus it is Liberal Arts and Sciences, at the downtown campus it is Public Programs, at the west campus it is the New College of Interdisciplinary Arts and Sciences and at the east campus it is Technology and Innovation. ASU will be bringing to the Regents a two level tuition model - one for research intensive schools and highly specialized schools and the other for schools that are research active. The campuses will be designed around 75,000 FTE. Arizona State University is also actively involved in modeling on-line classes and hopes to have 100,000 students taking classes within the next two years. Arizona State University is also engaged in the Colleges at ASU, which are institutions designed on the \$10,000 base, will house approximately 25,000 FTE and will be modeled on maximum technology, maximum flexibility and non-research active.

Regent DeConcini asked where the new colleges would be. President Crow stated they would be in various places in the state. Regent DeConcini asked where President Crow would get the capital for the structures for these colleges. President Crow said it would be with partners, the same model as downtown Phoenix.

Regent Bulla stated that this was very exciting, but he is concerned about duplication of programs and efforts. There needs to be discussion by this Board and policy decisions regarding a strategic plan that outlines the roles and the missions of each of the universities so that we can have the best, most efficient, cost-effective future for higher education in the State of Arizona. He also stated that he wanted to be sure that the universities were coordinating their on-line courses through AZUN.

Regent Boice asked Regent DuVal to describe how the work being done under the Lumina Planning Grant can help us accomplish our goals.

Regent DuVal stated that at the last Board meeting he reported that the Lumina Foundation for Education had selected Arizona as one of 11 states to receive a \$150,000 one-year planning grant through the Foundation's Making Opportunity Affordable initiative. This grant

comes at a perfect time for Arizona because its primary objective is to expand on just the kinds of partnerships and alternative delivery models the presidents have been describing.

Lumina's purpose in creating this initiative was to give selected states the impetus and resources to develop significant state-wide solutions that could help to close the educational gap among various populations by increasing access to and success in higher education, while at the same time, containing institutional costs. From what we understand, Arizona's approach, focused on the development of alternative instructional delivery models, is unique among the 11 planning grant states and there is interest in our project from the people at the Lumina Foundation.

This is important because our ultimate goal is to be selected for one of five implementation grants, which could provide up to \$2 million over a 4-year period. Lumina's intent is that these projects will then become models for other states. The possibilities are quite exciting, but we are also running against the clock since the planning period ends on October 30. We have made a great start and with what the president presented today, I am optimistic that we will be successful.

One immediate task is to establish a state team. Early in this process, a statewide team was appointed to develop the plan. We have lost some of the original members as a result of the election, so we are working on replacing them as well as expanding the size of the team. President Haeger is an original team member and we will be asking the other two presidents to either serve on the committee, or appoint someone to serve in their place. Two community college presidents, Dr. Jim Horton, Yavapai College, and Dr. Karen Nicodemus, Cochise College, have been on the team and we will be asking the chancellors from Maricopa and Pima Community College Districts to appoint a member. We also anticipate adding two legislators as well as a member of the Governor's staff.

Regent DuVal also stated that Regents are meeting with various legislators to start a conversation about higher education in Arizona and some of the ideas the Board has for improving productivity at lower costs. The goal is to seek common ground in the shared effort to position the state with the workforce it needs for years to come.

Regent Boice then turned to the discussion paper on design parameters for transforming the university system. The Board knows the targets that are included in the 2020 Vision and also knows that the system is facing a period of diminishing resources. It is apparent that in order to achieve the number of bachelor's degrees called for by the gold or silver targets in the 2020 Vision, things must be done differently. The discussion paper describes possible design parameters for a system-wide architecture that could help achieve the 2020 Vision goals. Those parameters are: offer lower-cost options for earning a bachelor's degree to more students at more sites; provide coordinated, statewide coverage for bachelor's degree programs; concentrate university research activities on the main campuses, with tuition and state support higher on those campuses; optimize partnerships with community colleges, eliminating barriers to earning a bachelor's degree; eliminate or reduce unnecessary duplication of academic program offerings; and develop a new funding model which corresponds to the revised architecture of the system.

Regent Martinez stated that he would like to hear more about how students in rural Arizona will benefit. He also wants to hear more about the different revenue strategy for rural students including AZUN, and matching Pell Grants with tuition. President Crow stated that the model that is being worked on right now would set tuition at the Pell Grant level. Regent Martinez stated that he thought it was very important that the universities reach out to rural students.

President Haeger stated that Northern Arizona University needed to get started on redefining an institutional structure. Hopefully Northern Arizona University will be offering courses at Yavapai Community College in a little different method than they are doing right now. They will be coming back to the Board shortly with more details.

Regent Boice suggested in light of what was discussed this morning, he would ask the Council of Presidents to develop a comprehensive, coordinate, system-wide architecture for the university system going forward, that incorporates the design parameters discussed this morning and present the plan to the Board at the June meeting. Regent Boice stated this is not tactical, it is strategic.

Regent Leonard stated that she is very interested in hearing about the duplicative program offerings and how things can be refined. Regent McLendon stated that there are many instances when duplication is necessary. Regent Mariucci stated that this could be a very exciting process. This is the opportunity for transformational change. We can determine where the commonalities are, how this will be promoted as a system-wide response, an opportunity for brand differentiation, how far does the Board want to go regarding system design.

President Crow stated that duplication can be addressed, but it is important to keep in mind that the system in its present form is grossly under-built for the size of our state. State's that already have a large platform in place have multiple points of access for many programs. President Crow stated that Regents also need to keep in mind that there is not one class or program that someone does not want to have cut. But cuts will need to be made and the Regents really need to understand this issue.

Regent Boice stated this has been a very informative and productive study session.

## **RECESS**

The meeting recessed at 12:07 p.m. and reconvened at 2:00 p.m.

## **CALL TO THE AUDIENCE**

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

**Curt Hudak** - Southwest Section PGA Executive Director - spoke in support of the professional golf management program and the potential program fee that will save it.

**Jodi Pawlowski** - parent - spoke in favor of maintaining the Regents High Honor Endorsement.

**Brendan Corrigan** - Vice President, Residence Hall Association - expressed the endorsement of the Residence Hall Association for the on-campus experience and the '09-'10 Room and Meal plan rates.

**Alex Messenger** - student in the Professional Golf Management program at ASU - spoke in favor of the Professional Golf Management Program.

**Dave Terrell** - parent - spoke in favor of the AIMS tuition waiver.

**Jim Heffelfinger** - parent - spoke in favor of the AIMS tuition waiver.

#### **RESOURCES COMMITTEE** (Chair: Regent Calderón)

#### **Setting of 2009-2010 Rates for Residence Halls (ASU, NAU, UA), Leased Apartments (UA), Family Housing (ASU, NAU), and Meal Plans (ASU, NAU)** (Agenda Item 2)

Regent Calderón stated that the Board was being asked to consider recommendations from the universities to approve the 2009-2010 rates for residence halls (ASU, NAU, UA), leased apartments (UA), family housing (ASU, NAU) and meal plans (ASU, NAU).

Mark Denke, central office; Jim Rund, ASU; David Bousquet, NAU; and Melissa Vito, UA joined the meeting for this presentation.

Mark Denke presented an overview of this item. He stated that the Student Residence Hall Associations at each university have reviewed the proposed rates and expressed their support for the same.

Jim Rund presented the Arizona State University rates and stated that Arizona State University has a very strong emphasis on the residential programs as a part of the academic support portfolio for all students, but particularly for incoming freshman. The range of accommodations reflects the evolution of the housing program. David Bousquet presented the Northern Arizona University rates and stated that at Northern Arizona University the focus is on access, affordability and predictability. The rates being presented are for new students and are good for two years. Melissa Vito presented the University of Arizona rates and stated that there is no meal plan at the University of Arizona. The only rates being approved for the University of Arizona are residence hall rates.

Regent Martinez asked if it would be possible to move the discussion regarding residence hall rates and meal plans to the December Board meeting. He stated that he believed it would help students and families budget the total cost of education. He would like to have this option explored.

Regent Martinez moved and Regent DeConcini seconded the motion, to separate the vote on residence hall rates from the vote on meal plan rates. The motion failed.

Regent Martinez stated that he had deep concerns with meal plans.

Regent Mariucci stated that she could support guaranteed price plans if it was an initiative that was paying for itself. No one would make the argument that any of these residence hall rates or meal plan rates is covering the costs. She indicated that she supports the bulk of the recommendation but is not in favor of the guaranteed pricing portion.

Regent Mariucci moved and Regent McLendon seconded the motion, to accept the proposed rates for residence hall, leased apartments, family housing and meal plans for the three universities with the deletion of the guaranteed predictability offered by Northern Arizona University. Regent Mariucci stated that this motion would not affect any actions taken prior to this action. All commitments that were previously made would be honored.

David Bousquet stated that both the dining and the residence halls are self-supporting auxiliaries. Parents make it very clear that they appreciate the guaranteed rate. Northern Arizona University has proposed rates they believe they can live with for the next two years. Regent McLendon stated that he had also heard from parents and they really like the program.

Regent DeConcini stated that Northern Arizona University was raising the amount 12% which is more than the cost of living and he is prepared to accept this amount.

Regent Calderón asked why the rate was so high and David Bousquet stated that the rate was high because it was guaranteed for two years. The rate needed to be high enough to cover the increased costs for two years.

Regent Mariucci stated that these auxiliaries might pay for themselves, but she didn't think that the money that was brought in covers the capital costs of actually building the facilities. David Bousquet stated that the infrastructure was old, the bonds were paid off, and the residence halls were fully self-supporting auxiliaries. He stated that he would do some further research and try to address all of Regent Mariucci's concerns.

President Haeger stated that of the things that are done at the university the residence halls and meal plans are the closest thing they have to a profit center. The predictability is important to students and their families. The business model that has been developed behind predictability really works. The guarantee is very important to the students. These units are solely responsible for taking care of their own building repairs, paying utilities, purchasing furniture, etc.

Regent Calderón then restated the motion. The motion by Regent Mariucci, seconded by Regent McLendon, to accept the proposed rates for residence hall, leased apartments, family housing and meal plans for the three universities as stated in the executive summary with the deletion of the guaranteed predictability offered by Northern Arizona University failed with Regent Mariucci voting in favor of the motion and Regents Boice, Bulla, Calderón, DuVal, Leonard, Martinez, and McLendon voting against the motion.

Regent Meyer asked if the residents at Barrett could purchase a different meal plan than the one offered at Barrett or eat in places other than Barrett. James Rund stated that there is

flexibility and students can eat in other venues. Regent Meyer then asked the University of Arizona approximately how many of their students purchased meal plans. Melissa Vita responded that about half of the student population purchased meal plans. Regent Meyer asked if the universities could provide data regarding the first several years of meal plans and how the meal plans have affected the students and retention and graduation rates.

Upon motion by Regent Calderón, seconded by Regent Bulla the Board approved the 2009-2010 rates for residence halls, leased apartments, family housing and meal plans for Arizona State University, Northern Arizona University, and the University of Arizona, as presented in the executive summary with Regents Boice, Bulla, Calderón, DuVal, Leonard, Martinez and McLendon voting in favor of the motion and Regent Mariucci voting against the motion.

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

Dr. Linell Cady from the Department of Religious Studies gave a report on how Humanities faculty have become involved in large scale funded research.

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

### **Report on Strategic Planning, Budget and Finance Committee (Agenda Item 7)**

Sandy Woodley joined the meeting for this presentation.

Regent Bulla stated that the Board would receive a report on the February 19 meeting of the Strategic Planning, Budget and Finance Committee. He stated that the Committee reviewed and forwarded to the Board the allocation of the FY 2009 mid-year budget cuts which were approved at a Special Board Meeting on February 19. The universities updated the Committee on the implementation and impact of the cuts and how they will affect strategies going forward.

Regent Bulla went on to say that educating more Arizona citizens is one of the Board's most important priorities. By 2020, the system needs to produce more bachelor's degrees in order for the state to be nationally competitive in educational attainment. In order to be successful in this mission, the system will need to undergo significant changes. These changes relate specifically to the alternative academic program delivery models that were discussed earlier. The Committee has been working on these ideas within the context of micro planning for many months and this work will be crucial to the universities' success.

Planning is not static, it is dynamic. The 2020 Vision is created intentionally in such a way as to remain relevant regardless of the circumstances. So, there are now many tools at the Board's disposal that were not available last year to help make solid decisions. Other tools that will be used are analysis and benchmarking. For many months, the Committee, along with Dr. Dan Layzell, a consultant on the projects, has been developing a methodology for identifying new peers for each of the universities. The Committee approved the final peer lists as submitted by the universities and will begin a rigorous process of testing the peers to analyze and benchmark the universities.

## **Approval of 2020 Vision Long-Term Strategic Plan for Arizona University System (Agenda Item 8)**

Sandra Woodley joined the meeting for this presentation.

Regent Bulla stated that this agenda item had been removed from the Consent Agenda and that the Board was being asked to approved the 2020 Vision long-term strategic plan for the Arizona University System. This longer-term outlook allows planning, not just for the current period when things look rather bleak, but twelve years down the road when the financial position is expected to be improved. The 2020 Vision provides a roadmap of where we want to go. It outlines measurable goals and objectives, and incorporates a range of targets so that the plan remains relevant in spite of changing economic conditions. Work on the 2020 Vision has taken two years so far.

Sandra Woodley stated that the framework of the Plan is very important because it sets parameters within which the Board can make more detailed decisions for the system. The university system needs to produce more degrees of the kind that will attract industry. There are four main goals of the plan. Goal One is educational excellence. Goal Two is research excellence. Goal Three is workforce and community and Goal Four is productivity. The harder work is yet to come, getting into the micro strategies, actually getting into the details and working on them. The bronze target was changed over the last six months to incorporate the possibility of a continuing downturn in the economy.

Regent Bulla stated that he was excited that this portion of the 2020 Vision is complete and he thanked everyone who has worked on this project. There is still work to be done, but Regent Bulla stated that he was excited about some of the tools that are now available to help the Board plan more thoughtfully. There is a long-term financial model that allows for the simulation of resources needed under various assumptions; the ability to consider changing circumstances in the plans; there is also the ASU Decision Theatre model that shows how students will flow through the system over the next twelve years. The Decision Theatre model also gives the Board the opportunity to understand the interactions and dependencies that the universities have on other sectors of the educational system.

This part of the plan provides the long range goals and objectives for the system, it is the framework that defines a range of desired outcomes by the year 2020. The 2020 Vision is created intentionally in such a way as to remain relevant regardless of the circumstances. There are now many tools at the Board's disposal to help make solid decisions. It is hoped that the Strategic Planning, Finance and Budget Committee will have a more detailed plan (by university, by geographic area, by academic program, with dollar values attached) available for discussion at the December Board meeting.

Regent DeConcini asked why the Bronze target only increased degree production by 1000 in 12 years. He also asked why under the Bronze target the increase in community college transfers and community college transfers who go on to earn a bachelor's degree were so small. Regent Bulla stated that the Bronze target was close to a status quo. The Bronze target was moved back a little bit because of budget issues. Right now the community colleges are not growing. Regent DeConcini asked if the Board would ever attempt to have community colleges issue four-year degrees. Regent Bulla stated that he felt that the ability

to form partnerships was more feasible. President Haeger stated that a community college offering a four-year degree is always a possibility, but Community colleges perform an invaluable role as they are. That role would be diminished if they start offering four-year degrees.

Upon motion by Regent Bulla, seconded by Regent DeConcini, the Board unanimously approved the 2020 Vision long-term strategic Plan for the Arizona University System, as presented in the Executive Summary.

### **LEGISLATIVE AFFAIRS COMMITTEE** (Co-chairs: Regent McLendon and Regent DuVal)

#### **Report on Legislative Activities** (Agenda Item 9)

Regent McLendon stated that the Board will receive a report on legislative activities. The Board will be asked to review and may wish to provide additional guidance on the positions on legislation as recommended by the Legislative Affairs Committee at its February 17, 2009 meeting and by the university government affairs officers.

Christine Thompson, Christy Farley, Charlene Ledet and Greg Fahey joined the meeting for this presentation.

Regent McLendon stated that he would like to take this opportunity, on behalf of the Board, to thank Governor Brewer for her leadership. These tough economic times call for all options to be on the table. The Board is heartened that Governor Brewer will be taking advantage of the federal stimulus. She recognizes that you cannot cut your way out of a budget deficit, and has put additional revenue options on the table. The Board looks forward to working with Governor Brewer to protect education.

This session, just fewer than 1200 bills, memorials and resolutions were introduced. The deadline to hear House bills in the House has passed, and the Senate is not yet holding hearings on bills. The Legislative Affairs Committee met February 17th to review and provide guidance on proposed legislation.

Christine Thompson provided an update on legislation and the session. Things are slowing down at the legislature. The legislature is going to be focusing on the budget over the next several weeks. The WICHE student loan bill is awaiting floor action and the university athletic facility district legislation is also awaiting action.

Regent McLendon stated that unless any member would like to offer a recommendation to the contrary, Christine will be directed to continue to advocate, on behalf of the Board, in accordance with the positions outlined in the materials.

### **PUBLIC AWARENESS COMMITTEE** (Chair: Regent DuVal)

#### **Update on Public Affairs and Solutions Through Higher Education** (Agenda Item 10)

Regent Duval stated that the Board will receive an update on public affairs activities and Solutions Through Higher Education.

Andrea Smiley joined the meeting for this presentation.

Regent DuVal stated that with the legislative session well underway, the Board's public affairs activities are focused on demonstrating the universities' impact on the state's economy and the implications of further budget cuts to the system. Andrea has collaborated with the public affairs officers at the three universities to create a number of educational materials, including a "Top Ten Questions about Arizona Higher Education" document, which provides context and detail to the budget discussion regarding the universities.

The tri-university public affairs group is working with the government affairs officers at the three universities to inform the public about the magnitude of the FY09 cuts and their impact on the university system. Specific activities include reaching out to businesses and media outlets. Additionally, the public affairs group is working to inform and engage the Solutions Coalition regarding the Board's efforts via e-mail communications, social media tools, and presentations to civic and business organization. The Board has contracted with Molera Alvarez Group to help manage the Solutions Coalition, providing addition resources to move Coalition engagement to the next level.

Andrea Smiley stated that the Board needs to continue to look at non-traditional ways to reach constituents. Facebook, Twitter and list serves are being explored.

### **Recognition of the Ak-Chin Native American Community** (Agenda Item 11)

Regent Leonard stated that the Board would like to recognize the Ak-Chin Native American community for its significant support of Arizona's three public universities. She acknowledged the tremendous generosity and partnership of the Ak-Chin Indian Community.

Regent Leonard stated that last month she, Regent DuVal, Regent McLendon and Joel Sideman had the pleasure of visiting the Ak-Chin Indian Community. The Ak-Chin Community has been a great supporter and partner to the Arizona University System. On behalf of the Board, Regent Leonard thanked tribal leaders for their generous contributions of \$711,000 to the Arizona University System, with each university receiving \$237,000. These funds will advance educational opportunities for Native American students throughout Arizona.

Each university has designated the grant monies for specific uses that will support opportunities for Native American students at their institutions. Arizona State University plans to apply the grant funding to scholarships and endowment monies, direct student services, and their Native American Achievement Program within the ASU Multicultural Student Center. Northern Arizona University will apply the award funding toward student scholarships, as well as a range of academic support services, including peer mentoring, tutoring, child care, and leadership programs. The monies will also support the development of a Native American Cultural Center on NAU's Flagstaff campus. The University of Arizona has designated the funding to be used for access, recruitment, and retention efforts, as well as student leadership opportunities and achievement recognition.

There is no doubt that this generous contribution will promote greater opportunities for Native American students throughout Arizona. It has always been a tradition of the 800 member Ak-Chin Indian Community, comprising both Tohono O'odham and Pima people, to give back to the larger community in which they live. This is just one expression of that rich tradition.

**CAPITAL COMMITTEE** (Chair: Regent Calderón)

**Allocation of Revised SPEED Financing Authority** (Agenda Item 12)

Regent Calderón stated that the Board was being asked to allocate the revised financing authority that resulted from changes to the legislation that authorized the Stimulus Plan for Economic and Educational Development (SPEED). The total financing authority has been reduced 20% from \$1 billion to \$800 million in the amended SPEED legislation.

Lorenzo Martinez, Morgan Olsen, Jane Kuhn and Bob Smith joined the meeting for this presentation.

Regent Calderón further stated that consistent with this overall 20% reduction, the original allocations of financing authority approved for each university would also be reduced by 20%. The Capital Committee reviewed this item at its February 19 meeting and recommended Board approval.

Regent Calderón went on to say that on February 24, the legislative Joint Committee on Capital Review reviewed the outstanding building renewal projects that were originally submitted by the universities last October. The universities have now received all the necessary reviews and approvals to proceed with the first set of SPEED projects totaling \$167.7 million.

Upon motion by Regent Calderón, seconded by Regent Martinez, the Board unanimously approved the revised allocations for SPEED financing authority, as presented in the Executive Summary.

**Proposed Revisions to ABOR Policy 3-411 “Annual Report on Debt Capacity,” Policy 7-107 “Capital Development Plan,” Policy 7-109 “Project Approval,” and Policy 7-111 “Project Closeout,” (First Reading)** (Agenda Item 13)

Regent Calderón stated that the Board was being asked to review, at first reading, the proposed revisions to ABOR Policy 3-411, Policy 7-107, Policy 7-109, and Policy 7-111. The revisions provide clarification and expand the information submitted to the Capital Committee and the Board.

Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón also thanked Regent Mariucci for raising these issues and instigating these improvements. University staff and central office staff are continuing to work on additional improvements related to financing pricing parameters, debt management guidelines; and project management and auditing processes.

**RECESS**

The meeting recessed at 4:00 p.m. and reconvened on Friday, March 13, 2009, at 9:55 a.m.

Regent Boice recognized Renee Horton of the Tucson Citizen. He stated that this is Renee's last meeting because the Tucson Citizen is closing its doors. The Board is most appreciative of Renee's good coverage of the Board and the Tucson Citizen's coverage of the university and the Regents. President Shelton stated that the Citizen has been existence since 1877. He thanked Renee and the Citizen and stated they would both be missed.

**RECOGNITION OF STUDENT FROM ARIZONA STATE UNIVERSITY**

Regent Boice stated that the Board likes to recognize a student from the host university. He welcomed Emily Graham who arrived at Arizona State University as a freshman from Pittsburgh Pennsylvania. She is now a senior in the Walter Cronkite School of Journalism and after only three years will graduate with a bachelor's degree in journalism emphasizing broadcast journalism. To compress her studies, Emily attended summer and winter sessions the entire time she has been enrolled.

Emily spoke about her academic program and co-curricular experiences at the Cronkite School.

**ACADEMIC AFFAIRS COMMITTEE** (Chair: Regent DeConcini)**Report from the Academic Affairs Committee** (Agenda Item 14)

Regent DeConcini reported on the March 11, 2009 Academic Affairs Committee meeting. He stated that the universities' athletic directors made their annual report on Intercollegiate Athletics. They addressed the academic progress of student athletes as well as the financial status of their programs.

The budget discussion led to questions about the institutional subsidies and other costs of athletic programs to the universities. The athletic directors described various ways in which the programs contribute back resources to the universities. Regents frequently are asked about costs of these programs by the public and most of the Regents have a limited understanding of this relationship, so the athletic directors were asked to provide better information on the total financial contributions the athletic programs make to the universities.

The report provided information on various academic measures of student success, both institutional and required by the NCAA. This included the NCAA Academic Progress Rates. Teams that rate below a certain level are subject to certain penalties. The system received only one penalty this year, a loss of scholarship for the UA men's outdoor track team.

It was clear that the universities put significant efforts and resources into academic performance of their student athletes. Most of the measures for academic progress and graduation rates are given for one year only; for the future the Committee has asked that

historical trends be provided so the Committee can track the changes to a team's academic performance over time.

Provosts Capaldi and Hay presented the 2009-2010 Academic Strategic Plans for ASU and the UA. These plans describe the academic program and organizational unit changes that the universities expect to make in the upcoming year. The Committee was impressed with the thought and effort that has gone into these plans, however, they are both undertaking major reorganizations and the Committee agreed that it needed some additional information and more time to review the plans before they would be ready to take any action. The plans will come back to the Committee at an April 13th meeting with the hopes that the Committee will have a recommendation for the Board at the April meeting.

The Committee also considered a request from the universities to eliminate the Regents High Honors Endorsement or AIMS Scholarship which will be discussed further under the next item.

### **Discontinuance of the Regents High Honors Endorsement Scholarship (“AIMS Scholarship”)** (Agenda Item 15)

Regent DeConcini stated that the Board was being asked to review a request to discontinue the Regents High Honors Endorsement Scholarship (“AIMS Scholarship”) beginning Fall 2010.

Mark Denke (CO), Stephanie Jacobson (CO), Melissa Vito (UA) and David Bousquet (NAU) joined the meeting for this presentation.

Regent DeConcini stated that during the Academic Affairs Committee meeting the universities presented a proposal to eliminate the Regent's High Honors Endorsement scholarship. The change was to have been effective the Fall of 2010. The proposal provided that this year's high school seniors would still be eligible and university students who were receiving the scholarship would continue to receive the scholarship as long as they remained eligible.

Each of the universities described the increasing costs of the program in these challenging economic times. The universities also indicated that a number of students who receive Regents High Honors Endorsement Scholarships are students who would be eligible for other forms of merit aid from the institutions.

Regent DeConcini stated that Superintendent Tom Horne spoke at the Committee meeting on behalf of the scholarship and the incentive it provides to students to follow a more rigorous educational program in high school. While the Committee had a very good conversation, they were not prepared to support this proposal. The Committee has asked the universities to provide further options for consideration other than just totally eliminating this scholarship.

Superintendent Horne spoke to the Board in favor of the AIMS scholarship. He stated that 5/6's of the scholarships would still be awarded through other scholarships, but if you remove the specific scholarship you would lose the value that is obtained from it. There is criteria attached and students work to reach that criteria. It is a tremendous motivator to both

students and parents. The universities and the community get a benefit from the additional studying the students are doing to qualify for this scholarship. Students who otherwise might have just performed as proficient are performing above proficient to qualify for this scholarship. He stated that he was concerned with what was happening in this country in regards to the emphasis being on just reaching proficiency. There are no benefits for bringing a child over that level. He believed that a bright student that does not reach his or her potential is as left behind as a child that is not proficient. As important as it is for everyone to reach proficiency, it is equally important that those capable of exceeding proficiency, do so. He believes that AIMS helps to do this.

Regent Calderón stated that he does not believe this is the area where cuts should be made. He encouraged the universities to go back and try to make the cuts elsewhere. Regent Calderón stated that he would like to see preservation of this scholarship at least through the class of students that have taken this test, which would be students who are high school sophomores this year.

Regent Bulla stated that he agrees that if the scholarship is discontinued that the Board should hold harmless students who have already qualified. Regent Martinez stated that this is a very difficult choice that the Board needs to make because of budget cuts.

President Crow stated that he agreed that there should be some kind of compromise. He stated that all merit based scholarships are based upon objective measures. The AIMS Scholarship recipients are not the highest performers based on objective measures. Everyone needs to remember that the universities have no state based financial aid. The universities self-finance the financial aid. The largest single non-personnel discretionary item in the budget is financial aid. President Crow stated that reductions will be made in merit based aid. If you keep this scholarship, then another form of merit aid will have to end.

Regent McLendon stated that the AIMS Scholarship is on the table because of the budget. When the legislature cuts the universities budgets, something needs to be cut from the university. Scholarships reward students for doing good work and for being responsible, and some scholarships help people who need a hand up. Drastic cuts from the legislature will result in drastic cuts at the universities.

President Haeger has asked lots of questions regarding the AIMS Scholarships. AIMS Scholarship students that came to NAU in the Fall of 07 were retained at the rate of 86.6%. The general retention of students is somewhere in the high 60%. If this Scholarship is maintained, this needs to be watched. If, in fact, a group of students have been created that have developed the appropriate study skills to succeed in college, this is a good thing. Remember, these are Arizona students that receive the AIMS Scholarship.

Regent Boice provided some background on this scholarship. He does not believe that this was scrutinized as well as it should have been in the beginning as there was not a very accurate projection as to how many students would be taking advantage of this program. He thinks, at a minimum we must honor the Board's commitment to students who are in the universities now, also to students who are seniors and possibly even ones who are juniors, but he believes that the matter needs to be fully vetted before the Board goes further. For example, if we are going to continue to allow this scholarship, will the Board continue to allow

students who have taken the test multiple times receive the scholarship, etc. Regent DeConcini stated that he agreed and felt maybe a change to how many times the test can be taken would be appropriate.

Regent DuVal stated that these are tough choices. The Board owes it to the stakeholders to be clear that if we avoid this difficult choice, we are forcing other difficult choices and we need to be clear as to what those are; i.e., tuition increases, asking other students to pay the freight of this program, other merit students will lose their scholarships, etc. He stated that he does believe we need to honor the commitment to students in the pipeline, but the Board has lots of commitments to faculty, staff, etc., and we just aren't going to be able to fulfill all of our commitments. It is a different world.

Regent DeConcini moved, seconded by Regent Calderón, that the Board retain the Regent's High Honors Endorsement Scholarship and direct the presidents to develop options for the scholarship, to be presented to the Academic Affairs Committee at its April 2009 meeting.

Regent Bulla asked if this meant that any student that had taken the AIMS test and passed it, Senior, Junior or Sophomore, would be grandfathered in. Regent DeConcini stated that this motion was meant to reaffirm today's policy, but this did not mean that the policy would not be changed at a later date.

Regent Calderón moved, seconded by Regent Bulla, to amend the motion to state that those students who have taken and passed the AIMS test to date, would be protected and would receive the scholarship regardless of any future actions taken.

Regent DeConcini stated that he believed that everything needs to be on the table and voting in favor of the amendment would preclude the Board from making a change that might be necessary.

Regent Martinez asked if anyone knew what the impact of a change to the policy granting the AIMS scholarship to students who passed the test on the first try. Regent Horne stated students did not just have to pass the test, they had to exceed proficiency. He further stated that he did not know the numbers, but he has encouraged schools to get students to retake the test, because the students have to study and reach a higher level of proficiency to get better scores.

Regent Calderón stated that this amendment would only protect the students that are already in the pipeline.

Regent DuVal asked for clarification on the amendment. If it is passed could a future board revisit this question of the three year pipeline? Regent Boice stated that anything could be revisited.

Regent Calderón stated that his motion would be the same as Regent DeConcini's motion with the addition of language that insured that students that are in the pipeline, sophomores, juniors and seniors, who have satisfied the existing requirements to get a Regents High Honors Endorsement scholarship, would be allowed to receive the scholarship. Regent Bulla

stated that he believed that Regent Calderón was trying to bring more certainty to the situation so that people can plan.

Regent Calderón restated the motion to amend Regent DeConcini's motion to add the statement that those students who have taken and passed the AIMS test to date, would be protected and would receive the scholarship regardless of any future actions taken. This motion failed with Regents Martinez, Leonard, Bulla and Calderón and Superintendent Horne voting in favor of the amendment and Regents DuVal, McLendon, Mariucci, DeConcini and Boice voting against the amendment.

Regent Calderón asked what would be the criteria that the Academic Affairs Committee would use to remove the opportunity for sophomores, juniors or seniors to receive this scholarship. Regent DeConcini stated that he had no agenda other than to listen to the presidents' options and then make a decision. Regent Calderón asked the presidents what the criteria would be to remove students that are in the pipeline from receiving this scholarship. He asked what the basis would be that a president would use not to award the scholarship to students who are already in the pipeline. He further stated that it appears that we are going to preserve the policy unless the presidents ask that it be changed and then the Board might change it. President Shelton stated that awarding of financial aid is multidimensional. The criteria would involve the process the university uses to distribute all aid and how it impacts access and affordability. President Haeger stated that he believed there will still be a scholarship in some form, possibly some of the criteria will change. President Crow stated that he would probably need to restructure all of the merit based scholarships. This is a situation derivative of fiscal issues. Regent Calderón stated that what he is hearing is that the condition that the presidents would look at to determine if they would remove the AIMS scholarship is financial.

Regent DeConcini then restated his motion that the Board retain the Regent's High Honors Endorsement Scholarship and direct the presidents to develop options for the scholarship, to be presented to the Academic Affairs Committee at its April 2009 meeting. The motion passed unanimously with Superintendent Horne and Regents Martinez, Leonard, Bulla, DuVal, Calderón, McLendon, Mariucci, DeConcini and Regent Boice voting in favor of the motion.

## **MEASUREMENT OF RESEARCH PRODUCTIVITY AT THE UNIVERSITY OF ARIZONA**

Regent Boice introduced Dr. Leslie P. Tolbert, Vice President for Research, Graduate Studies, and Economic Development at the University of Arizona. Dr. Tolbert is a Regents' Professor with her home in the Arizona Research Laboratories Division of Neurobiology, and a joint appointment in the Department of Cell Biology and Anatomy in the College of Medicine.

Regent Boice stated that the Board has asked each of the universities' Vice Presidents for Research to describe for the Board their research program and how they measure research productivity. Dr. Tolbert will present on this topic today.

Dr. Tolbert spoke about the quality and importance of the research at the University of Arizona. She also spoke about the importance of state support for a research university. Research activities bring in federal and other dollars, most of which are spent in the state and many of these dollars support new jobs. Research provides new understandings, new knowledge and new technology. Engaging students in an environment of inquiry and experiment opens doors to opportunity. The overall effect is essential to a prosperous economy.

What makes the University of Arizona a strong research university? First, the University of Arizona has faculty with a broad spectrum of scholarly expertise on one contiguous campus. A distinguishing hallmark of the University of Arizona is the cross-fertilization of ideas. Also research and education are tightly coupled.

Dr. Tolbert stated that research dollars attract additional research and development dollars and spin off new ideas.

Regent DuVal stated that Regents want to understand the relative value of research. What is the cost factor, what is the net value, what is the sustainable value, what are the hidden costs to the institutions to support the outcomes? How do the Regents determine if a research project provided an A quality return or a C quality return? How do the universities, who manage research, determine, as you make institutional commitments to support various research projects, what projects are more valuable and what projects are less valuable?

Dr. Tolbert stated that it is very difficult to measure the cost. The university produces benefits to society. They are not like a business where they keep their profits and plow them back into the wealth creating engine. Instead, what they do is bring in the dollars that allow big projects to be done. It costs money to do research. There are many different ways to measure. But it is not necessarily dollars that are being measured, it can be more societal benefits.

Regent Mariucci stated that there is no question that research is a core mission within our system, but there is an image problem with the public and with legislators. The Board needs to assist with developing messaging that addresses those concerns and image issues. The Board needs to communicate, educate, measure and talk about productivity and accountability with respect to research.

Regent DeConcini stated that it appears that the universities need to develop a strategy of how to equate research in a more meaningful manner besides the success rate of bringing in the dollar.

President Shelton stated that he thought that the general public didn't appreciate the role that research plays in building the economy. He stated that the message has just not been delivered correctly. He thought that part of the issue was that people tended to focus on too short a time line. Research is a long term investment. The important part is not cash back to the university, but what research does to build the infrastructure and economic robustness of a society.

President Crow stated that he agreed, but he did not think that the missions of the institutions have been sufficiently differentiated.

Regent Bulla stated that he believed the strategic plan would help with differentiating between research and other areas.

President Haeger stated that identifying exactly what the Board is looking for is very important. One is research related to economic development. There is a strong argument regarding the direct ties of the university and that type of research. But, there is other research occurring at the universities which relates to the quality of the faculty and the university. That is a different conversation. He stated that he did think that part of the state and part of the legislature have gotten it. Prop 301, the Research Bill, Science Foundation Arizona were important moves by the legislature to say that they bought into the notion that the universities were critically important to research and economic development.

Dr. Tolbert stated that there are short and long-term benefits of doing research. Some research yields new ideas that don't have a target niche when it is hatched; it can become a part of new technology or a new way of thinking that takes longer to come to maturity. But the impact that a research intensive environment can have on the students is also very important. The university is providing, at a very low cost, a world class "reaching for the stars" opportunity. Students who participate in undergraduate research are more likely to go on to graduate school or medical school, it keeps more strong students in the state, it provides more strong graduates who contribute to the workforce.

Dr. Tolbert suggested that the three universities' Vice Presidents for Research get together and discuss how they can better inform the Board about the research enterprise.

#### **HUMAN RESOURCES COMMITTEE** (Chair: Regent Bulla)

#### **Proposed New Policy 6-810 "Furloughs" and Related Revisions to Board Policies 6-101 "Conditions of Administrative Service," 6-201 "Conditions of Faculty Service," 6-301 "Conditions of Professional Service," 6-402 "Compensation Administration Policies" and 6-801 "Paid Holidays" (First Reading)** (Agenda Item 16)

Regent Bulla stated that the Board was being asked to review, at first reading, a proposed new policy 6-810 authorizing the University Presidents and Executive Director, upon Board approval, to develop and implement furlough plans for the universities and the Central Office and to revise Board Policies 6-101, 6-201, 6-301, 6-402 and 6-801 to address furloughs. This item was reviewed by the Human Resources Committee at its February 17, 2009 meeting and recommended for first reading.

Nancy Tribbensee joined the meeting for this presentation. Ms. Tribbensee stated that this change in the Policy put into place a permanent policy for furloughs.

#### **Request for Two Year Exception to Board Policies 6-101 "Administrative Employees" and 6-301 "Professional Employees" to Authorize Releases Due to Severe Budget Constraints** (Agenda Item 17)

Regent Bulla stated that the Board was being asked to approve a two-year exception to Board Policies 6-101 and 6-301 to allow University Presidents and the Executive Director the option to respond to severe budget constraints by releasing administrative and certain professional employees upon 90 days notice. The exceptions would become effective upon Board approval and be in effect through FY11. This item was reviewed by the Human Resources Committee at its February 24, 2009 meeting and recommended for approval.

Nancy Tribbensee joined the meeting for this presentation. Ms. Tribbensee stated that this is an opportunity to give the Presidents a tool to deal with budget constraints. This is a two year exception, not a permanent policy. Notices of Employment will have to contain a reference to this exception for it to be used.

Regent Bulla stated that the universities have been asked to report back to the Human Resources Committee by July, and quarterly thereafter, as to whether they have exercised this exception and how many contracts were affected.

Upon motion by Regent Bulla, seconded by Regent Leonard, the Board unanimously approved the two-year exception to Board Policies 6-101 and 6-301, as presented in the executive summary.

#### **AUDIT COMMITTEE** (Chair: Regent Mariucci)

#### **\*Guidelines Governing the Relationship Between Component Unit Affiliates and Universities Under the Jurisdiction of the Arizona Board of Regents** (Agenda Item 19)

Regent Mariucci stated that this is a request to adopt a set of Guidelines governing the relationship between component unit affiliates and the universities.

As background, during the Audit Committee's January 2008 meeting, the Committee was reviewing the universities' annual reports and the related management letters issued by the Auditor General. Under financial reporting standards, component unit information is required to be reported in university financials. Also, the recently issued Auditing Standard No. 112, lowered the threshold for the auditors' reporting of audit findings. As a result of Standard 112, the Auditor General's management letters for the universities included information regarding "material weaknesses" reported by component unit auditors.

Not all component units provided management responses as to corrective actions that they would be taking. The universities were asked to request from the component units formal responses to the Auditor General's finding and recommendations for the Committee to review. The discussion widened to one that involved trying to find the fine line between the independent legal status of an affiliated entity from the perspective of that entity, and the effective control of the affiliated entity from the perspective of the university.

In an attempt to resolve the issue, Paul Ward, then ASU's General Counsel, recommended the Board issue a policy for the universities to use in establishing policies governing their relationships with component units. The Committee agreed and the guidelines presented here today are the end product of that effort.

Upon motion by Regent Mariucci, seconded by Regent Calderón, the Board unanimously adopted the Guidelines governing the relationship between component unit affiliates and the universities.

### **TECHNOLOGY OVERSIGHT COMMITTEE (Chair: Regent DeConcini)**

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

Regent DeConcini provided the Board with a report on the March 11, 2009 Technology Oversight Committee meeting.

He stated that the Committee received an update from the University of Arizona on the status of the MOSAIC IT project. Charlie Moran, consultant for the MOSAIC project, presented the follow-up project audit on the progress of the system implementation plans. The Committee approved the \$10.4M University of Arizona MOSAIC Business Intelligence Plan. The Committee received an update on the status of the ASU-UA IT Supercomputing project. NAU provided an update on the Arizona's Tri-University Identity Federation project. The University of Arizona updated the Committee on its campus telecommunications Network Master Plan. The Committee also received a report on what the universities' Chief Financial Officers will be doing to develop a common university chart of accounts. The Chief Information Technology Officers provided status reports of their campus IT Security Plans and briefed the Committee on how the recent budget cutbacks are impacting their IT operation.

### **REPORT FROM THE ARIZONA FACULTIES COUNCIL**

Dr. Mutchler reported on the Arizona Faculties Council meeting. He stated that the AFC wanted to express its gratitude to the Board in general. The Board has made a very strong stand this year for higher education and it is appreciated. Faculty have made lots of sacrifices this year as well. They have been very willing to step up to the plate in this time of scarce resources and they should be commended.

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

Regent Boice thanked Arizona State University, President Crow and the entire staff for a well run meeting.

**ADJOURNMENT**

The meeting adjourned at 12:07 p.m.

SUBMITTED BY:

Margaret L. Martin  
Secretary to the Board

APPROVED BY:

Fred T. Boice  
President