

ARIZONA BOARD OF REGENTS

Northern Arizona University
High Country Conference Center
201 W. Butler Ave, Flagstaff, Arizona 86001

June 8-9, 2022

Schedule of Events and Meetings

Wednesday, June 8, 2022

3:30 p.m. – 6:45 p.m. **Executive Session – Rees/Doyle Room**
(3:30 p.m. - 5:00 p.m. - President Cruz Rivera Review of Assignments)
(5:15 p.m. - 6:45 p.m. - President Crow Review of Assignments)

Thursday, June 9, 2022

9:00 a.m. – 12:45 p.m. **Executive Session – Rees/Doyle Room**
(9:00 a.m. – 9:30 a.m. - Executive Director Arnold Review of Assignments)
(9:30 a.m. – 11:00 a.m. - Enterprise Executive Committee Review of Assignments)
(11:15 a.m. - 12:45 p.m. - President Robbins Review of Assignments)

12:00 p.m. – 1:30 p.m. **Staff Lunch Available – Abineau/Fremont Room**

1:30 p.m. – 5:00 p.m. **ABOR Meeting – Humphreys Room**

5:30 p.m. – 7:00 p.m. **Reception – Student-Athlete High Performance Center**, Building 73A. 1650 South San Francisco Street. Flagstaff, Arizona 86001 (*Invitation only*)

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**ARIZONA BOARD OF REGENTS
NORTHERN ARIZONA UNIVERSITY
HIGH COUNTRY CONFERENCE CENTER
201 W BUTLER AVE, FLAGSTAFF, ARIZONA 86001
PUBLIC SESSION (Humphreys Room)
EXECUTIVE SESSION (Rees/Doyle Room)
Wednesday, June 8 and Thursday, June 9, 2022**

Wednesday, June 8, 2022

3:30 p.m. CALL TO ORDER

3:35 p.m. EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.03(A), the board will convene in executive session in the Rees/Doyle Room to discuss items identified on the executive session agenda.

6:45 p.m. RECESS

Thursday, June 9, 2022

9:00 a.m. RECONVENE EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.03(A), the board will convene in executive session in the Rees/Doyle Room to discuss items identified on the executive session agenda.

12:45 p.m. RECESS

1:30 p.m. RESUME PUBLIC MEETING, GREETINGS AND ANNOUNCEMENTS FROM THE BOARD CHAIR

1:35 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 on matters of board governance to the entire board in a public setting.

2:05 p.m. ADOPTION OF CONSENT AGENDA ACTION ITEMS AND ACCEPTANCE OF CONSENT INFORMATION ITEMS

All items on the Consent Agenda are listed at the end of this agenda, underlined and marked with an asterisk (*). These items will be considered by a single motion with no discussion. All other items will be considered individually.

2:10 p.m. EXECUTIVE DIRECTOR REPORT

1. Executive Director's Report

The board will receive a report from Executive Director Arnold.

2:45 p.m. LEGISLATIVE UPDATE

2. Discussion and Consideration of Legislation Affecting the University Enterprise

The board office asks the board to discuss and consider legislation affecting the university system and may possibly approve positions regarding the legislation.

2:50 p.m. ADMINISTRATIVE BUSINESS

3. Update Regarding the Federal Requirement for an Online Campus Safety Survey Tool

The board will receive an update regarding the federal requirement for an online campus safety survey tool and an overview of a workgroup process for implementation with the universities.

2:55 p.m. FINANCE, CAPITAL AND RESOURCES COMMITTEE

4. Report on the Finance, Capital and Resources Committee Meeting

The board will receive a report on the May 26, 2022 Finance, Capital and Resources Committee meeting.

5. **FY 2023 Annual Budgets for Arizona State University, Northern Arizona University, University of Arizona and the Board's System Office (ASU, NAU, UArizona, ABOR)**

The universities and board office ask the board to review and approve the FY 2023 Annual Budgets for Arizona State University, Northern Arizona University, University of Arizona and board office.

6. **Review and Approval of First Amended Multiple-Year Employment Agreement for Men's Basketball Head Coach (UArizona)**

The University of Arizona ("UArizona") asks the board to approve the First Amended Multiple-Year Employment Agreement for Tommy Lloyd as Men's Basketball Head Coach.

3:20 p.m. 15-MINUTE BREAK

3:35 p.m. ACADEMIC AFFAIRS AND EDUCATIONAL ATTAINMENT

7. **Report on the Academic Affairs and Educational Attainment Committee Meeting**

The board will receive a report on the May 26, 2022 Academic Affairs and Educational Attainment Committee Meeting.

3:40 p.m. AUDIT COMMITTEE

8. **Report on the Audit Committee Meeting**

The board will receive a report on the May 26, 2022 Audit Committee Meeting.

3:45 p.m. NORTHERN ARIZONA UNIVERSITY STRATEGIC PLAN

9. **Northern Arizona University's Revised Mission and Strategic Plan NAU 2025 – Elevating Excellence**

Northern Arizona University asks the board to receive NAU 2025 – Elevating Excellence, NAU's revised strategic plan, and adopt NAU's revised mission.

- 4:25 p.m. STUDENT REGENT REPORT.
- 4:50 p.m. REPORT FROM THE ARIZONA FACULTIES COUNCIL
- 4:55 p.m. INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE ENTERPRISE EXECUTIVE COMMITTEE

CONSENT AGENDA

These items were considered by a single motion with no discussion and approved earlier in the meeting.

10. ***Minutes**

The board office asks the board to review and approve public and executive session minutes from a) January 27, 2022 Executive Session Meeting, (b) February 10-11, 2022 Special Executive Session Meeting, (c) April 6-8, 2022 Regular Board Meeting and (d) April 25, 2022 Special Board Meeting.

ACADEMIC AFFAIRS AND EDUCATIONAL ATTAINMENT COMMITTEE

11. ***Request for New Academic Program and Establishment of New Academic Organizational Unit for the University of Arizona**

The University of Arizona asks the board to approve one new academic program to take effect in academic year 2023-2024 and the establishment of one new academic organizational unit to take effect in academic year 2022-2023.

12. ***Request for New Academic Program for Arizona State University**

Arizona State University asks the board to approve its new academic program request effective in academic year 2022-2023.

13. ***Approval of List of Qualifying Examinations for High School and High School Teacher Incentive Bonuses**

The board office asks the board to approve a revised list of qualifying examinations for incentive bonuses to schools and high school teachers for students that receive a passing score.

14. ***Proposed Revision to ABOR Policy 6-201 “Conditions of Faculty Service” (First Reading)**

The board office asks the board to review on first reading the proposed revision to ABOR Policy 6-201 “Conditions of Faculty Service”.

15. ***Proposed Revisions to ABOR Policy 4-323 “Tuition Waiver Scholarships and Institutionally Supported Financial Aid Programs – Student Financial Aid” (First Reading)**

The board office asks the board to review on first reading the proposed revisions to ABOR Policy 4-323 “Tuition Waiver Scholarships and Institutionally Supported Financial Aid Programs – Student Financial Aid” to clarify the Arizona Promise Program Policy language allowing the universities to award additional, alternate, institutional gift aid for other direct costs of attendance beyond tuition and fees.

16. ***Proposed Revisions to ABOR Policy 4-203 “Requirements to be Considered in Determining an Individual’s Residency Classification for Tuition Purposes” (First Reading)**

The board office asks the board to review on first reading the proposed revisions to ABOR Policies 4-203 “Requirements to be Considered in Determining an Individual’s Residency Classification for Tuition Purposes” to comply with new state law.

FINANCE, CAPITAL AND RESOURCES COMMITTEE

17. ***Proposed Revisions to ABOR Policies Chapter 7 “Buildings, Infrastructure and Land,” 3-411 “Annual Report on Debt Capacity,” 3-501 “Issuance of Debt and Financing,” and 3-804 “Professional Services and Construction Services Procurement” and Repeal of Chapter 7 Policies (Second Reading)**

The board office asks the board to approve on second reading of proposed revisions to ABOR policies Chapter 7 “Buildings, Infrastructure and Land,” 3-411 “Annual Report on Debt Capacity,” 3-501 “Issuance of Debt and Financing,” 3-804 “Professional Services and Construction Services Procurement” and the repeal of Chapter 7 policies.

18. ***Ground Lease with Mountain Line for Development of a Commercial Driver’s License Test Course (NAU)**

Northern Arizona University (NAU) asks the board to approve a ground lease for the development of a Commercial Driver’s License (CDL) test course in collaboration with Northern Arizona Intergovernmental Transportation Authority, doing business as Mountain Line, an intergovernmental public transportation authority.

AUDIT COMMITTEE**19. *Proposed Revisions to ABOR Policy 9-202 “University Responsibilities” (First Reading)**

The board office asks the board for consideration on first reading the proposed revisions to ABOR Policy 9-202 “University Responsibilities” related to IT Security.

5:00 p.m. ADJOURN

PLEASE NOTE: This agenda may be amended at any time prior to 24 hours before the board meeting. Estimated starting times for the agenda items are indicated; however, discussions may commence, or action may be taken, before or after the suggested times. Any item on the agenda may be considered at any time out of order at the discretion of the board chair. The board may discuss, consider, or take action regarding any item on the agenda. During the meeting, the board may convene in executive session pursuant to A.R.S. §38-431.03(A)(3) for legal advice regarding any item on the agenda.

Board Meeting Schedule**Meeting Schedule for 2022-2023**

August 25, 2022	ASU Fulton	September 28-30, 2022	NAU
November 16-18, 2022	UA	February 8-10, 2023	ASU
April 19-21, 2023	UA	June 14-16, 2023	NAU

Meeting Schedule for 2023-2024

August 24, 2023	ASU Fulton	September 27-29, 2023	NAU
November 15-17, 2023	UArizona	February 7-9, 2024	ASU
April 17-19, 2024	UArizona	June 19-21, 2024	NAU

Meeting Schedule for 2024-2025

Thursday, August 29, 2024	ASU Fulton	September 25-27, 2024	NAU
November 20-22, 2024	UArizona	February 12-14, 2025	ASU
April 9-11, 2025	UArizona	June 11-13, 2025	NAU

**ARIZONA BOARD OF REGENTS
EXECUTIVE SESSION AGENDA
NORTHERN ARIZONA UNIVERSITY**

June 8-9, 2022

NOTE: This agenda may be amended at any time prior to 24 hours before the board meeting. Executive session is scheduled for 3:30 p.m. on Wednesday, June 8, 2022, and at 9:00 a.m. on Thursday, June 9, 2022. Executive session may be recessed and continued as necessary.

Statutory Authorization
A.R.S. § 38-431.03

Items to be Discussed

- | | |
|---------------|--|
| (A. 2) | I. Review of minutes of previous executive session(s). |
| | II. From the board, board office staff or counsel to the board |
| (A. 1, 3 & 4) | A. Review of assignments - executive director, presidents, and Enterprise Executive Committee. |
| (A. 3 & 4) | B. Legal advice, discussion, and report on pending or contemplated litigation and related filings and matters. |
| (A. 3 & 4) | C. Possible legal advice and discussion concerning <i>the State of Arizona, ex rel. Mark Brnovich, Attorney General, v. Arizona Board of Regents; John P. Creer, Assistant Vice President for University Real Estate Development at ASU, Defendants, Paul D. Petersen, in his official capacity as Maricopa County Assessor, and Royce T. Flora, in his official capacity as Maricopa County Treasurer, Relief-Defendants. (Case Nos. TX 2019-000011, 1 CA-TX 20-0003, CV-21-0134-PR and related filings and matters).</i> |
| | III. From University of Arizona |
| (A. 1, 3 & 4) | D. Legal advice and discussion regarding the first amended multiple-year employment agreement for Tommy Lloyd as men's basketball head coach. |

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- (A. 3 & 4) E. Legal advice and discussion regarding University of Arizona Global Campus.
- (A. 3 & 4) F. Legal advice and discussion regarding the Banner affiliation.
- (A. 1, 3 & 4) G. Legal advice and discussion regarding University of Arizona athletics and the NCAA investigation.

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EXECUTIVE SUMMARY

Item Name: **Executive Director's Report**

 Action Item

Requested Action: The board will receive a report from Executive Director Arnold.

Discussion

There are no written materials provided at this time for this item.

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EXECUTIVE SUMMARY

Item Name: **Discussion and Consideration of Legislation Affecting the University Enterprise**

Action Item

Requested Action: The board office asks the board to discuss and consider legislation affecting the university system and may possibly approve positions regarding the legislation

Discussion

There are no written materials provided at this time for this item.

Contact Information:

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602-229-2509

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EXECUTIVE SUMMARY

Item Name: Update Regarding the Federal Requirement for an Online Campus Safety Survey Tool

Action item

Requested Action: The board will receive an update regarding the federal requirement for an online campus safety survey tool and an overview of a workgroup process for implementation with the universities.

Background/History of Previous Board Action

In March 2022, the reauthorization of the Violence Against Women Act was signed by the President (section 1507 of [H.R. 2471](#)). Section 1507 requires that the Secretary of Education develop a standard survey tool regarding postsecondary student experiences with violence and sexual assault.

Discussion

Executive Director Arnold will coordinate and assemble a working group to review the requirements of the federal legislation and develop a model that ensures the federal requirements are being fulfilled.

The working group will include the following stakeholders:

Representatives from each university, who have expertise and experience in at least one of the following areas:

- assisting victims of sexual misconduct,
- providing medical services to victims of sexual misconduct,
- implementing policies prohibiting sexual misconduct, or
- investigating reports of sexual misconduct.

Statutory/Policy Requirements

Federal reauthorization of the Violence Against Women Act: Section 1507 of [H.R. 2471](#)

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602-229-2509

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EXECUTIVE SUMMARY

Item Name: **Report on the Finance, Capital and Resources Committee Meeting**

Action Item

Requested Action: The board will receive a report on the May 26, 2022 Finance, Capital and Resources Committee meeting.

Discussion

There are no written materials for this item.

Contact Information:

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602-229-2525

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EXECUTIVE SUMMARY

Item Name: FY 2023 Annual Budgets for Arizona State University, Northern Arizona University, University of Arizona and the Board's System Office (ASU, NAU, UArizona, ABOR)

Action Item

Requested Action: The universities and board office ask the board to review and approve the FY 2023 Annual Budgets for Arizona State University, Northern Arizona University, University of Arizona and board office, as described in this executive summary.

Background/History of Previous Board Action

- The Annual Budget combines general purpose, designated and restricted fund budgets into a consolidated budget format that includes projected revenues and expenditures for the fiscal year for each university and the system office. The budgets include:
 - Projected tuition and fee revenues based on current enrollment projections, auxiliary revenues, grants and contracts, and other revenues that support the annual budget.
 - Projected expenses by natural expense classification (salaries & wages, benefits, operating expense, scholarships and fellowships, depreciation, and interest on indebtedness).
 - The universities' monthly days cash on hand projection, in accordance with the Board's liquidity measure guidelines, established to manage acceptable levels of working capital, or "reserves."

In addition, the following material are included with each universities' annual budget:

- FY 2023 Budget Overview includes an overview of expected revenues, major initiatives/strategic investments planned for FY 2023, and enrollment assumptions for the upcoming academic year.
- Incremental Allocation of General-Purpose funds identifies the changes in sources and the planned uses in support of university strategic plans. General-Purpose funds support general operations and activities and consist of general fund appropriations, tuition and fees revenue, investment income, facilities & administration (F&A) recovery, and general university contingency funds.

Contact Information:

Matthew Smith, ASU	matthewjsmith@asu.edu	480-965-6940
Megan Cunningham, NAU	megan.cunningham@nau.edu	928-523-5329
Garth Perry, UArizona	perryg@arizona.edu	520-621-3324
Gale Tebeau, ABOR	gale@azregents.edu	602-229-2522

EXECUTIVE SUMMARY

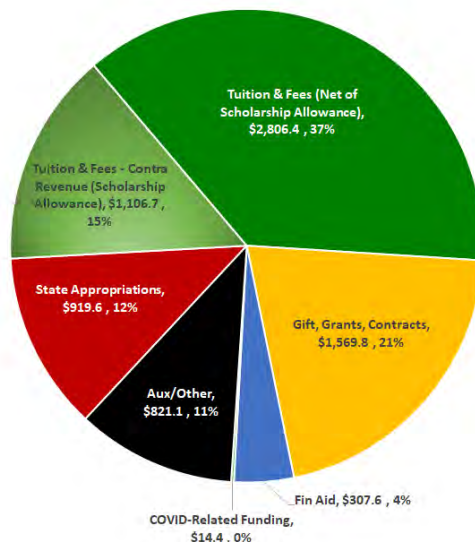
- State Expenditure Authority (SEA). SEA is the total legislatively authorized spending which includes general fund appropriations and tuition and fees that support the state budget. Arizona Department of Administration uses the board-approved SEA to load the universities' state budget into the state accounting system.
- Tuition and Fees not part of the state budget (local collections) support student-related services and programs, debt service, plant funds and student financial aid.
- A schedule of accounts with deficits over \$100,000 including a brief description of a plan to eliminate each of the deficits.

Discussion

FY 2023 Annual Budget

- The FY 2023 annual budget for the universities and system office totals \$7.5 billion in gross revenues. State general fund appropriations represent 12 percent of the total budget. The combination of state general fund and net tuition and fee revenues make up nearly half of the total budget at approximately 50 percent.
 - For FY 2023, general fund appropriations have not yet been finalized by the state legislature. Therefore, the general appropriations shown are the governor's recommended levels. The universities and ABOR office will include final appropriations in the Fall - Financial Status Update.
- Gross revenues less tuition and fees scholarship allowances (\$1.04 billion) represent the amount available for university operations, or \$6.4 billion.

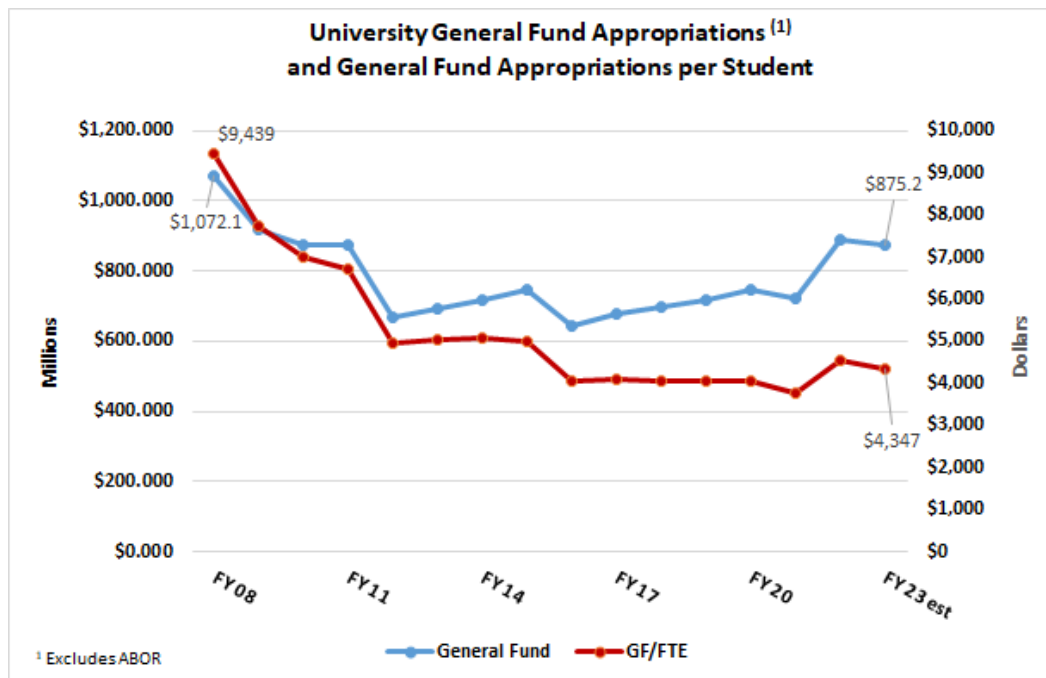
FY 2023 Gross Revenue – \$7.5 Billion (\$6.4 Billion Net Revenue)



EXECUTIVE SUMMARY

State Support

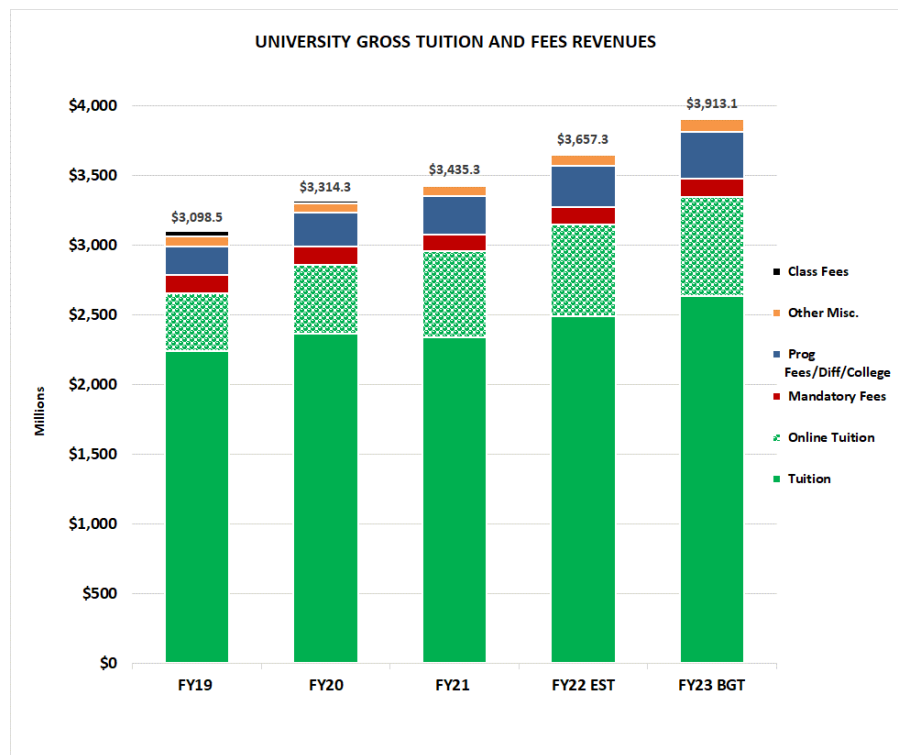
- FY 2023 preliminary general fund appropriations total \$919.6 million for the system, an increase of \$19.7 million or 2 percent over FY 2022. The appropriation includes:
 - \$46.0 million increase for New Economy Initiative, (\$21.2M ASU, \$10.1M NAU, \$14.7M UArizona)
 - \$12.5 million increase for Arizona Promise Program
 - \$5.0 increase for Freedom Schools expansion and graduate programs
 - \$500,000 increase for Agricultural Workforce Program
 - \$20.3 million for Health Insurance Trust Fund (HITF)
 - \$865,400 for Research Infrastructure and Capital Infrastructure financing
 - \$65.5 million reduction for prior year one-time funding.



EXECUTIVE SUMMARY

Tuition and Fee Revenues

- The estimated FY 2023 gross revenue from tuition and fees (T&F) is \$3.9 billion, an increase of \$255.8 million or 7.0 percent over FY 2022 estimate. Compared to the tuition and fees estimates presented during the tuition and fee setting process in March 2022, ASU has no changes to its tuition revenue estimates. NAU and UArizona show slightly higher tuition revenues due to a change in the mix of students and slightly higher enrollment at NAU, and for UArizona revised projections for its distributed and micro-campuses. The projections include revenues from tuition, including online tuition and summer and winter sessions tuition, program fees, differential tuition, college fees, class fees, mandatory and miscellaneous fees.



Gross Tuition and Fee Revenues by University

GROSS TUITION AND FEE REVENUES					
(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022 EST	FY 2023 BGT
ASU	\$1,825.6	\$2,013.3	\$2,134.3	\$2,282.0	\$2,448.8
NAU	\$382.3	\$389.6	\$379.4	\$369.5	\$377.4
UA	\$890.6	\$911.4	\$921.6	\$1,005.8	\$1,086.9
Total	\$3,098.5	\$3,314.3	\$3,435.3	\$3,657.3	\$3,913.1

EXECUTIVE SUMMARY

Student Enrollment

- ASU and UArizona are maintaining their enrollment projections presented in March 2022, during the tuition setting process. The current enrollment projection for Fall 2022 is 201,335 students for the system, an increase of 5,620 students or approximately 2.9 percent. ASU estimates the greatest growth at 3.8 percent, followed by UArizona at 3.2 percent. NAU estimates a decline of 1.7 percent which is an improvement from their estimate of -3.2 percent (-858 FTE) presented during tuition setting in March 2022. ASU and UArizona expect nearly 50 percent of their student growth to come from online enrollment.

University Enrollment Projections for FY 2023

	ASU	NAU	UA	Total
Enrollment				
Fall 21 Actual	121,763	27,123	46,829	195,715
Fall 22 Estimate	126,335	26,650	48,350	201,335
Projected Increase over prior year actuals- Fall 2022 vs Fall 2021	4,572 3.8%	(473) -1.7%	1,521 3.2%	5,620 2.9%
UNDERGRADUATE				
Res	294	(579)	(285)	(570)
NR	2,912	34	1,613	4,559
GRADUATE				
Res	(2)	(16)	82	64
NR	1,368	88	111	1,567
Total	4,572	(473)	1,521	5,620
Est Fall 2022 Online Enrollment	2,246	(382)	671	2,535
Online as a % of projected incr	49%	81%	44%	45%

Change in International Student Enrollment	1,598	55	197
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Total Revenue, Expenses and Change in Net Position – FY 2022 and FY 2023

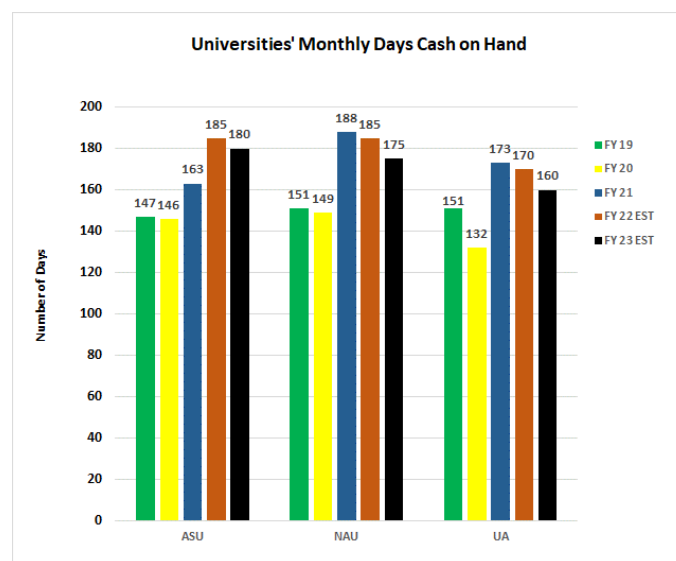
(\$ in Millions)	FY 2022 Budget			FY 2022 Estimate			FY 2023 Budget		
	Total Revenues	Total Expenses	Change in Net Position	Total Revenues	Total Expenses	Change in Net Position	Total Revenues	Total Expenses	Change in Net Position
Arizona State University	\$3,407.0	\$3,293.1	\$113.9	\$3,497.6	\$3,296.7	\$200.9	\$3,479.1	\$3,439.8	\$39.3
Northern Arizona University	\$648.3	\$634.3	\$14.0	\$686.1	\$670.0	\$16.1	\$620.4	\$612.5	\$7.9
University of Arizona	\$2,171.8	\$2,167.3	\$4.5	\$2,272.7	\$2,205.1	\$67.6	\$2,321.0	\$2,274.8	\$46.2
ABOR	\$16.5	\$36.8	(\$20.3)	\$17.7	\$27.0	(\$9.3)	\$18.4	\$27.1	(\$8.7)
SYSTEM	\$6,243.6	\$6,131.5	\$112.1	\$6,474.1	\$6,198.8	\$275.3	\$6,438.9	\$6,354.2	\$84.7

EXECUTIVE SUMMARY

- FY 2023 estimated expenditures for the system are \$6.4 billion, an increase of \$155.4 million or 2.5 percent over the FY 2022 projected expenditures. Each university includes a schedule of planned uses of the incremental general-purpose funds that identify strategic investments. These funding priorities align with each university's Operational and Financial Review (OFR) and priorities identified during the tuition setting process.

University Liquidity Measure

- The chart below shows the universities' projected monthly days cash on hand. The goal for the universities is to maintain the Monthly Days Cash on Hand ratio within a range of plus or minus 25% of Moody's most currently published (2019) median among rated public colleges and universities, which is 159. Cash reserves is one factor that Moody's uses to assess credit risk and evaluate credit profiles for higher education institutions.
- For FY 2023, all three universities are within the prescribed range of between 119 days and 199 days.



Statutory/Policy Requirements

- ABOR Policy 3-403 – 3-404 Annual Operating Budget
- A.R.S. §15-1626 – General Administrative Powers and Duties of the Board
- A.R.S. §15-1662 – Universities; funds and accounts.

Committee Review and Recommendation

The Finance, Capital and Resources Committee reviewed this item at its May 26, 2022 meeting, and recommended forwarding the item to the full board for approval.

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

ARIZONA UNIVERSITY SYSTEM FY 2023 ANNUAL BUDGET

FY 2023 (WITH FY 2022 COMPARATIVE BUDGET DATA)

(\$ millions)

	FY 2023 BUDGET	FY 2022 ESTIMATE	FY 2022 BUDGET	VARIANCE BETWEEN		VARIANCE BETWEEN	
				FY 2023 BGT & FY 2022 EST		FY 2022 EST & FY 2022 BGT	
Revenues							
State General Fund Appropriation	\$812.6	\$800.2	\$692.4	\$12.4	1.6%	\$107.8	15.6%
State Appropriation - Research Infrastructure	\$33.1	\$32.7	\$32.7	\$0.4	1.1%	\$0.0	0.0%
State Appropriation - Capital Infrastructure	\$28.9	\$28.4	\$28.4	\$0.5	1.8%	\$0.0	0.0%
State Appropriation - AFAT	\$10.0	\$10.0	\$10.0	\$0.0	0.0%	\$0.0	0.0%
Total General Fund Appropriation	\$884.6	\$871.4	\$763.6	\$13.3	1.5%	\$107.8	14.1%
State Appropriations Transfer - Arizona Teachers Academy	\$15.7	\$23.2	\$13.8	(\$7.5)	-32.3%	\$9.4	68.1%
State Appropriations Transfer - Arizona Promise Program	\$19.3	\$5.3	\$0.0	\$14.0	264.2%	\$5.3	--
Tuition and Fees	\$3,913.1	\$3,657.3	\$3,578.8	\$255.8	7.0%	\$78.5	2.2%
less Scholarship Allowance	(\$1,106.7)	(\$1,082.3)	(\$1,037.4)	(\$24.4)	2.3%	(\$44.9)	4.3%
Net Tuition and Fees	\$2,806.4	\$2,575.0	\$2,541.4	\$231.4	9.0%	\$33.6	1.3%
Grants & Contracts -- Research	\$1,263.2	\$1,218.0	\$1,199.3	\$45.2	3.7%	\$18.7	1.6%
Financial Aid Grants (Primarily Federal Pell Grants)	\$307.6	\$295.9	\$299.4	\$11.7	4.0%	(\$3.5)	-1.2%
Higher Education Emergency Relief (HEERF) – Student	\$0.0	\$203.1	\$216.7	(\$203.1)	-100.0%	(\$13.6)	-6.3%
Higher Education Emergency Relief (HEERF) – Institutional	\$14.4	\$155.9	\$159.9	(\$141.5)	-90.8%	(\$4.0)	-2.5%
Private Gifts	\$219.1	\$206.0	\$201.8	\$13.1	6.4%	\$4.2	2.1%
Technology & Research Initiative Fund (TRIF)	\$87.5	\$129.5	\$86.0	(\$42.0)	-32.4%	\$43.5	50.6%
Auxiliary Revenues, Net	\$492.2	\$451.9	\$423.1	\$40.3	8.9%	\$28.8	6.8%
Other Revenues	\$328.9	\$339.0	\$338.7	(\$10.1)	-3.0%	\$0.3	0.1%
Total Other Revenues	\$2,712.9	\$2,999.2	\$2,924.9	(\$286.4)	-9.5%	\$74.3	2.5%
Total Revenues	\$6,438.9	\$6,474.1	\$6,243.7	(\$35.2)	-0.5%	\$230.4	3.7%
Expenses							
Salaries and Wages	\$2,690.7	\$2,568.6	\$2,523.1	\$122.1	4.8%	\$45.5	1.8%
Benefits	\$872.6	\$830.0	\$841.6	\$42.6	5.1%	(\$11.6)	-1.4%
All Other Operating	\$1,765.5	\$1,704.5	\$1,679.4	\$61.0	3.6%	\$25.1	1.5%
HEERF Student Emergency Grants	\$0.0	\$205.5	\$216.7	(\$205.5)	-100.0%	(\$11.2)	-5.2%
Scholarships & fellowships, Net of Scholarship Allowance	\$428.4	\$300.0	\$302.5	\$128.4	42.8%	(\$2.5)	-0.8%
AZ Promise Marketing/Administration	\$0.2	\$0.2	\$6.3	\$0.0	0.0%	(\$6.1)	-96.4%
Interest on Indebtedness	\$152.0	\$153.7	\$155.1	(\$1.7)	-1.1%	(\$1.4)	-0.9%
Depreciation	\$403.0	\$387.1	\$365.0	\$15.9	4.1%	\$22.1	6.1%
Pension Liability/OPEB (GASB 68 & GASB 45)	\$40.0	\$47.5	\$40.0	(\$7.5)	-15.8%	\$7.5	18.8%
Other Expenses (ABOR)	\$1.7	\$1.7	\$1.7	\$0.0	0.0%	\$0.0	0.8%
Total Expenses	\$6,354.2	\$6,198.8	\$6,131.5	\$155.4	2.5%	\$67.4	1.1%
Net Increase	\$84.7	\$275.3	\$112.2	(\$190.5)	-69.2%	\$163.1	145.3%

EXECUTIVE SUMMARY

**ARIZONA UNIVERSITY SYSTEM
 PRELIMINARY FY 2023 STATE EXPENDITURE AUTHORITY**

	Preliminary FY 2023 State General Fund Appropriation	FY 2023 Tuition & Fee Revenue and Other Miscellaneous Revenue Supporting State Operating Budget	FY 2023 State Expenditure Authority
ASU	399,256.2	706,031.8	1,105,288.0
NAU (1)	134,625.7	130,397.3	265,023.0
UA	267,463.5	382,811.3	650,274.8
UA AHSC	76,897.7	66,675.3	143,573.0
Total UA	344,361.2	449,486.6	793,847.8
Subtotal Universities	878,243.1	1,285,915.7	2,164,158.8
System Office	44,096.9	-	44,096.9
Administration	2,181.4		2,181.4
Student Assistance Programs/Pass-Thru	41,915.5		41,915.5
AUS-State Expenditure Authority	\$922,340.0	\$1,285,915.7	\$2,208,255.7

(1) State General Fund Appropriations Include \$3M Tgen pass through.

EXECUTIVE SUMMARY

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FY 2023 Annual Budget

Overview

ASU Charter

ASU is a comprehensive **public research university**, measured not by whom it excludes, but by **whom it includes** and **how they succeed**; advancing **research and discovery** of public value; and assuming **fundamental responsibility** for the economic, social, cultural and overall health of the **communities it serves**.

Arizona State University's annual operating budget for Fiscal Year 2023 reflects the investment plan designed to achieve the challenging performance goals set by the Arizona Board of Regents and to facilitate the continued advancement of the ASU Charter principles.

There are multiple facets to ASU's investment plan; its goals are centered on access, student success, research and innovation of public value, and meaningful public service. ASU's progress is evidenced by its leadership position in student access, national standing in academic quality, competitiveness in interdisciplinary research and scholarship, and consistent delivery of innovative solutions to address critical social, technical, cultural, and environmental issues facing 21st century Arizona.

The demand for an ASU degree is stronger than ever. ASU's fall 2021 full-time equivalent (FTE) enrollment was up 4.1 percent over the prior year, including campus immersion FTE enrollment growth of 3.0 percent and digital immersion FTE enrollment growth of 6.3 percent. Moreover, for resident campus immersion students, ASU's first-year retention rate reached 88.7 percent and the four-year and six-year graduation rates grew to 55.8 percent and 69.4 percent, respectively.

ASU received many accolades over the last year celebrating the university's achievements and influence. For the seventh consecutive year, ASU was named the nation's most innovative school by *U.S. News & World Report* for its groundbreaking efforts addressing curriculum, faculty, students, campus life, technology and facilities. *The Princeton Review* named ASU to its list of "Best Value Colleges". *The Fiske Guide to Colleges 2022*, one of the most authoritative college guides in the U.S., placed ASU on its top 10 list of "Best Buy" public universities in the nation for excellence and value. For 2022, ASU ranked in the top 8 percent of universities worldwide, according to *Times Higher Education*, evidenced by ASU's sharpened focus on advancing standards of excellence and commitment to student access and success. Additionally, in FY 2022 ASU was ranked as the top university in the nation and second in the world in achieving the United Nations' Sustainable Development Goals, according to *Times Higher Education*.



ASU has held a leadership position throughout the pandemic, with over 1.3 million COVID tests administered and over 1.3 million vaccinations delivered to the university community and across the state. Despite the disruption of the pandemic, ASU's innovation has continued unabated as evidenced by fifty new online degree programs; the launching of Dreamscape Learn's virtual reality biology lab courses; the addition of eleven new international university partners, including one in Kyiv, Ukraine; and the creation of a donor-funded program for Afghan women who have been displaced from education by unrest in their country.



FY 2023 Annual Budget

ASU's Learning Enterprise embarked on several new initiatives in FY 2022. This year, ASU directly served nearly 200,000 learners and reached millions more through informal learning assets. In January 2022, the Thunderbird School of Global Management launched the Francis and Dionne Najafi 100 Million Learners Global Initiative, aiming to offer accredited online world-class education in forty different languages to learners across the globe at no cost to the learner. ASU Prep Digital served over 40,000 learners worldwide, including over 3,500 K-12 learners at Arizona campuses, and 14,000 teachers, preparing them for online and hybrid teaching. In March 2022, ASU launched Study Hall's new "How to College" channel and received over 300,000 views. Later this year, ASU will pilot a new offering, "ASUforLife", aiming to provide support to learners during times of transition through learning content, services, and experience.

In partnership with the Ira A. Fulton Schools of Engineering, Learning Enterprise's CareerCatalyst team is developing new in-demand workforce education programs in microelectronics and a new portfolio of "human skills" specializations to support the future of work in Arizona and beyond. ASU continues to play a critical role in Arizona's New Economy Initiative as demonstrated by the creation of five science and technology centers (STCs) serving as magnets for industry in growing fields. With three STCs supporting the semiconductor industry, ASU is fueling a U.S. semiconductor revolution - with Arizona at the epicenter - to address chip shortages and reduce dependence on foreign manufacturing. In addition, ASU is accelerating its trajectory of excellence in the aerospace industry. Spacecraft for two ASU-led NASA missions (LunaH-Map and Psyche) are headed to Kennedy Space Center to prepare for launch in 2022, and ASU's Interplanetary Initiative is leading a consortium of universities contributing to Orbital Reef, the world's first business park in space, led by Blue Origin with \$130 million in funding from the National Aeronautics and Space Administration (NASA).

The Julie Ann Wrigley Global Futures Laboratory is creating solutions to ensure that all life on earth can thrive. The recently completed Allen Coral Atlas is the world's first comprehensive map of shallow water reefs. It enables decision-makers to improve monitoring of changes to these critical, yet fragile, ecosystems. ASU also installed a prototype MechanicalTree™ on its Tempe campus. Using technology developed at ASU that is being commercialized by Carbon Collect, each MechanicalTree can remove as much carbon from the atmosphere as 1,000 real trees. At scale, it offers a valuable tool in the effort to address climate change. To date, startup companies based on ASU research have exceeded \$1 billion in external funding with OncoMyx Therapeutics, an ASU Biodesign Institute startup, receiving \$50 million in series B financing in December 2021 to advance therapies that use viruses to kill cancer cells without harming healthy tissue.



FY 2023 Annual Budget

Fiscal Year 2023 Budget Highlights (\$ in Millions)				
	FY 2023 Budget	FY 2022 Budget	\$ Change	% Change
Revenues	\$ 4,071.5	\$ 3,986.8	\$ 84.7	2.1%
Public Investment	416.7	356.8	59.9	16.8%
Tuition and Fees	2,448.8	2,277.8	171.0	7.5%
Grants and Contracts	710.6	874.6	(164.0)	(18.8)%
All Other Revenues	495.4	477.6	17.8	3.7%
Expenses	\$ 4,032.2	\$ 3,872.9	\$ 159.3	4.1%
Salaries & Wages	1,342.4	1,257.0	85.4	6.8%
Benefits	421.7	412.6	9.1	2.2%
All Other Operating	1,048.0	1,020.6	27.4	2.7%
Scholarships and Fellowships	899.2	907.6	(8.4)	(0.9)%
Interest on Indebtedness	80.3	71.9	8.4	11.7%
Depreciation	200.6	163.2	37.4	22.9%
Pension Liability/OPEB	40.0	40.0	0.0	0.0%
Net Increase	\$ 39.3	\$ 113.9	\$ (74.6)	(65.5)%

Note: Revenue and expense figures have been modified to reflect scholarship allowance as a Scholarships and Fellowships expense rather than contra-revenue. Grants and contracts include research, financial aid grants and Higher Education Emergency Relief (HEERF) revenue. All other revenues include private gifts, Technology and Research Initiative Fund (TRIF), net auxiliary revenues and other revenues. Scholarships and Fellowships include HEERF student grants and scholarship allowance.

Fiscal Year 2023 Revenues

The FY 2023 budget includes an increase in revenue of \$84.7 million, or 2.1 percent, over the FY 2022 budget. A description of each of the key components follows.

The largest investors in Arizona State University continue to be students and their parents, as evidenced by gross tuition and fee revenue that represents 60.1 percent of total revenue. For the eleventh year in a row, ASU continues to uphold its twenty-year commitment to raise resident tuition by no more than 3 percent annually. Gross tuition and fees are projected to be \$171.0 million or 7.5 percent higher than the FY 2022 budget. Financial aid grants, primarily comprised of Federal Pell grants, are expected to increase by \$3.0 million or 1.5 percent versus the FY 2022 budget.



FY 2023 Annual Budget

ASU's reputation and recognition continue to drive strong demand for its degrees and programs. The FY 2023 budget assumes an overall FTE enrollment growth of 3.8 percent, comprised of digital immersion enrollment growth of 5.7 percent and campus immersion enrollment growth of 2.8 percent. Overall, resident student enrollment is budgeted to increase by 291 FTE or 0.5 percent; nonresident domestic student enrollment is budgeted to increase by 2,682 FTE or 5.2 percent; and international student enrollment is budgeted to increase by 1,598 FTE or 15.4 percent.

Budgeted FY 2023 public investment revenues reflect the Governor's executive budget recommendations, including \$21.2 million in ongoing funding for the New Economy Initiative, \$9.9 million in ongoing funding for Arizona Promise, \$8.3 million in ongoing funding for Health Insurance Trust Fund tuition backfill, and \$2.8 million in ongoing funding for the School for Civic and Economic Thought and Leadership (SCETL). The total FY 2023 public investment of \$416.7 million represents a \$59.9 million or 16.8 percent increase compared to the FY 2022 budget.

ASU continues to achieve strong growth in sponsored research activity and anticipates this trend to continue in FY 2023. The budget includes an increase of \$32.0 million or 6.7 percent in research grants and contracts revenue over the FY 2022 budget. Other significant changes in budgeted revenue include an increase of \$26.8 million or 12.5 percent in net auxiliary revenues over the FY 2022 budget. For FY 2023, private gift revenue is projected to increase by \$6.0 million or 6.7 percent over the FY 2022 budget. The FY 2023 budget includes a decrease of \$10.9 million or 8.0 percent in other revenues compared to the FY 2022 budget, due to lower projected net investment earnings. Furthermore, ASU's FY 2022 budget reflected \$199.0 million in one-time federal Higher Education Emergency Relief Fund (HEERF) revenue, which will not recur in FY 2023.

Fiscal Year 2023 Expenses

Carefully targeted investments are critical to accomplishing the goals set forth in ASU's Strategic Enterprise Plan. ASU's investment priorities are those discussed with the Regents each February as part of President Crow's State of the ASU Public Enterprise and Arizona State University address. Those priorities include, but are not limited to, a focus on the fundamental principle of accessibility to all students qualified to study at a research university, the attainment of national standing in academic quality for each college and school, regional economic competitiveness through research and discovery, and strengthening Arizona's interactive network of teaching, learning and discovery resources to reflect the scope of ASU's comprehensive knowledge enterprise. With these goals in mind, the FY 2023 budget includes the following:

- Increases of \$156.1 million in the use of general purpose funds for academic and other student-centered programs, including \$46.2 million of enrollment growth-related expenses; \$36.4 million in institutionally-funded financial aid; \$26.3 million for investment in programs supported by fees; \$21.1 million for new faculty positions (focusing on both accomplished senior faculty and promising early-career academics) and academic support beyond those supported by enrollment growth funding; \$14.2 million to fund merit-based salary increases to recognize high-performing faculty and staff and to enhance employee retention; and \$11.9 million for fringe benefit increases.
- Increases of \$29.7 million in the use of general purpose funds for student support services and facility costs, including \$9.4 million in investments for support services, \$7.8 million in debt service



FY 2023 Annual Budget

for new and renovated buildings, \$7.0 million for costs related to leases, custodial services and building operations and maintenance, and \$5.5 million in technology investments.

More generally, salaries and wages are expected to increase by \$85.4 million or 6.8 percent, and benefit costs, which represent 31.4 percent of the salaries and wages amount, are expected to increase by \$9.1 million or 2.2 percent over the FY 2022 budget.

Other post-employment benefits (OPEB) and pension costs represent the non-cash recognition of ASU's proportionate share of Arizona's unfunded pension actuarial liability and related post-retirement health care benefits. For FY 2023, ASU is budgeted to remain at the FY 2022 projected amount of \$40.0 million for net OPEB expenses.

All other operating expenses are expected to increase by \$27.4 million or 2.7 percent over the FY 2022 budget. This increase is driven by several factors, including partnership payments for online programs and non-capital software. Depreciation, another non-cash expense, is expected to increase by \$37.4 million or 22.9 percent over the FY 2022 budget, while interest on indebtedness expense is expected to increase by \$8.4 million or 11.7 percent.

Fiscal Year 2023 Net Increase

For FY 2023, Arizona State University has budgeted for a projected increase in net position of \$39.3 million; this compares to a FY 2022 budgeted increase of \$113.9 million. Several factors contribute to the FY 2023 net result, including the exhaustion of one-time federal Higher Education Emergency Relief Fund (HEERF) revenue in FY 2022, a decline of COVID-19 testing and vaccination activity, and increases in personal services costs (e.g., salaries, wages, and benefits). Considering all of these factors, Arizona State University remains well-positioned to meet the challenges ahead with broad student appeal for its academic programs, revenue diversification through a steadily growing research enterprise and higher levels of donor support, healthy liquidity with 180 projected days of cash on hand at June 30, 2023 (near the upper end of ABOR's target range), and prudent financial investments to support ASU's long-term growth trajectory and fulfillment of the values embodied in its Charter.



UNIVERSITY OPERATING BUDGET
 FY 2023 (WITH FY 2022 COMPARATIVE BUDGET DATA)
 (\$ millions)

FY 2023 ANNUAL BUDGET

Revenues

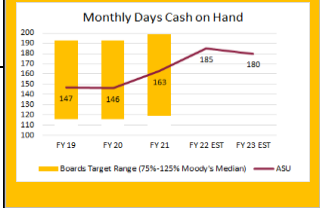
State General Fund Appropriation	\$367.0	\$362.4	\$317.3	\$4.6	1.3%	\$45.1	14.2%
State Appropriation - Research Infrastructure	\$13.5	\$13.5	\$13.5	\$0.0	0.0%	\$0.0	0.0%
State Appropriation - Capital Infrastructure	\$12.8	\$12.5	\$12.5	\$0.3	2.4%	\$0.0	0.0%
State Appropriation - AFAT	\$6.0	\$6.0	\$6.0	\$0.0	0.0%	\$0.0	0.0%
Total General Fund Appropriation	\$399.3	\$394.4	\$349.3	\$4.9	1.2%	\$45.1	12.9%
State Appropriations Transfer - Arizona Teachers Academy	\$7.5	\$15.0	\$7.5	(\$7.5)	-50.0%	\$7.5	100.0%
State Appropriations Transfer - Arizona Promise Program	\$9.9	\$3.7		\$6.2	167.6%	\$3.7	--
Tuition and Fees	\$2,448.8	\$2,282.0	\$2,277.8	\$166.8	7.3%	\$4.2	0.2%
<i>less Scholarship Allowance</i>	(\$592.4)	(\$590.0)	(\$579.8)	(\$2.4)	0.4%	(\$10.2)	1.8%
Net Tuition and Fees	\$1,856.4	\$1,692.0	\$1,698.0	\$164.4	9.7%	(\$6.0)	-0.4%
Grants & Contracts -- Research	\$507.0	\$491.5	\$475.0	\$15.5	3.2%	\$16.5	3.5%
Financial Aid Grants (Primarily Federal Pell Grants)	\$203.6	\$196.0	\$200.6	\$7.6	3.9%	(\$4.6)	-2.3%
Higher Education Emergency Relief (HEERF) – Student	\$0.0	\$126.0	\$134.1	(\$126.0)	-100.0%	(\$8.1)	-6.0%
Higher Education Emergency Relief (HEERF) – Institutional/Other	\$0.0	\$68.3	\$64.9	(\$68.3)	-100.0%	\$3.4	5.2%
Private Gifts	\$96.0	\$94.2	\$90.0	\$1.8	1.9%	\$4.2	4.7%
Technology & Research Initiative Fund (TRIF)	\$33.9	\$43.9	\$38.0	(\$10.0)	-22.8%	\$5.9	15.5%
Auxiliary Revenues, Net	\$240.4	\$235.9	\$213.6	\$4.5	1.9%	\$22.3	10.4%
Other Revenues	\$125.1	\$136.7	\$136.0	(\$11.6)	-8.5%	\$0.7	0.5%
Total Other Revenues	\$1,206.0	\$1,392.5	\$1,352.2	(\$186.5)	-13.4%	\$40.3	3.0%
Total Revenues	\$3,479.1	\$3,497.6	\$3,407.0	(\$18.5)	-0.5%	\$90.6	2.7%

Expenses

Salaries and Wages	\$1,342.4	\$1,272.9	\$1,257.0	\$69.5	5.5%	\$15.9	1.3%
Benefits	\$421.7	\$399.8	\$412.6	\$21.9	5.5%	(\$12.8)	-3.1%
All Other Operating	\$1,048.0	\$1,002.1	\$1,020.6	\$45.9	4.6%	(\$18.5)	-1.8%
HEERF Student Emergency Grants	\$0.0	\$126.0	\$134.1	(\$126.0)	-100.0%	(\$8.1)	-6.0%
Scholarships & fellowships, Net of Scholarship Allowance	\$306.8	\$184.0	\$193.7	\$122.8	66.7%	(\$9.7)	-5.0%
Interest on Indebtedness	\$80.3	\$76.8	\$71.9	\$3.5	4.6%	\$4.9	6.8%
Depreciation	\$200.6	\$195.1	\$163.2	\$5.5	2.8%	\$31.9	19.5%
Pension Liability/OPEB (GASB 68 & GASB 45)	\$40.0	\$40.0	\$40.0	\$0.0	0.0%	\$0.0	0.0%
Total Expenses	\$3,439.8	\$3,296.7	\$3,293.1	\$143.1	4.3%	\$3.6	0.1%
Net Increase	\$39.3	\$200.9	\$113.9	(\$161.6)	-80.4%	\$87.0	76.4%

Monthly Days Cash on Hand

Monthly days cash on hand is projected to be 180 days at June 30, 2023.





FY 2023 ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE¹ FUNDS

(\$ millions)

<u>FY 2022 Base General Purpose Funds</u>	<u>\$ 2,750.4</u>
Changes in Incremental General Purpose Funds	
Removal of FY 2022 One-time Appropriations	\$ (31.2)
New Economy Initiative	21.2
Freedom Schools	2.8
Incremental HITF Premium Appropriation	3.7
HITF Tuition Backfill	8.3
Capital Infrastructure Funding	0.3
Research Infrastructure Lease-Purchase Payment Adjustment	-
Retirement Rate Increase Standard Adjustment	(0.1)
Total Change in Public Investment	\$ 5.0
Revenues from Tuition and Fees - Incremental FY 2023 Budgeted Tuition and Fees	174.5
Net Change in Resources	<u>\$ 179.5</u>
Allocation of Incremental General Purpose Funds	
Enrollment Growth-Related Expenses	\$ 46.2
Financial Aid	36.4
Investment in Programs Supported By Fees	26.3
Investment in Faculty Hiring and Academic Support	21.1
Salary Merit Program	14.2
Benefit Increases	11.9
Support Services Investments	9.4
Debt Service	7.8
Facilities Costs (O&M, utilities, leases)	7.0
Technology Investments	5.5
Internal Reallocations	(6.3)
Net Change in Budget Allocations	<u>\$ 179.5</u>
<u>FY 2023 Base General Purpose Funds</u>	<u>\$ 2,929.9</u>

Strategic Metric Addressed			
Student Educational Success and Learning	Educational	Discover New Knowledge	Impact Arizona
Freshman retention, enrollment, grad rates, etc.	Bachelor's degrees awarded, graduate degrees, E&G, certifications and credentials	Research and development, licenses and options, inventions	Public service, degrees in high demand fields, etc.
x	x		x
x	x		x
x	x		x
x	x	x	
x	x	x	
x	x		
x	x	x	
x	x	x	
x	x	x	x

¹General Purpose Funds include Appropriated General Funds and Appropriated and Non-Appropriated tuition and fees, but exclude Non-Appropriated Other Designated Funds, Auxiliary Funds and Restricted Funds.



FY 2023 ANNUAL BUDGET

STATE EXPENDITURE AUTHORITY

(\$ thousands)

	FY 2023 BUDGET	FY 2022 BUDGET	CHANGE
University Revenues			
Resident Tuition	\$ 568,105.2	\$ 565,619.3	\$ 2,485.9
Non Resident Tuition	1,231,650.5	1,090,145.1	141,505.4
Program Fees	42,045.7	41,374.0	671.7
College Fees	156,841.0	151,472.5	5,368.5
Other Student Fees	7,154.9	4,874.0	2,280.9
Miscellaneous Revenues	6,924.0	6,520.0	404.0
Total University Revenues	\$ 2,012,721.3	\$ 1,860,004.9	\$ 152,716.4
 University Revenues Retained for Local Uses			
Support for Local Operating Budgets	\$ 644,205.2	\$ 640,682.3	\$ 3,522.9
Regents Financial Aid Set Aside	212,469.1	201,894.9	10,574.2
Other Financial Aid	327,380.0	306,913.8	20,466.2
Plant Funds	23,500.0	21,500.0	2,000.0
Debt Service/COPS/Lease Purchase	99,135.2	91,295.1	7,840.1
Total Retained for Local Uses	\$ 1,306,689.5	\$ 1,262,286.1	\$ 44,403.4
 University Revenues Supporting the Operating Budget	\$ 706,031.8	\$ 597,718.8	\$ 108,313.0
Plus: Public Investment	399,256.2	349,326.4	49,929.8
Total Appropriated Funds Expenditure Authority	\$ 1,105,288.0	\$ 947,045.2	\$ 158,242.8



FY 2023 ANNUAL BUDGET

LOCAL COLLECTIONS

	FY 2023 BUDGET	FY 2022 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION			
OPERATING FUNDS			
<u>DESIGNATED</u>			
Academic Affairs	\$ 5,200	\$ 5,200	\$ -
AECP - International Teaching Assistants	105,500	105,500	-
Associated Students - ASU	1,035,600	1,035,600	-
Campus Environment Team	4,800	4,800	-
Career Services	48,900	48,900	-
Child and Family Services	75,600	75,600	-
College Tuition Allocation	38,477,600	35,565,600	\$ 2,912,000
Commencement	15,000	15,000	-
Constituent Advocacy	150,000	150,000	-
Dining Services Management	38,000	38,000	-
Distance Learning Technology	1,169,500	1,169,500	-
EdPlus at ASU Investments	378,262,700	387,645,100	(9,382,400)
Environmental Health & Safety	219,600	219,600	-
Federal Direct Loan Administration	173,600	173,600	-
Fine Arts Activities	307,900	307,900	-
Fine Arts Program	60,000	60,000	-
Fine Arts Theatres	605,900	605,900	-
Forensics	106,100	106,100	-
Graduate Support Program	439,400	439,400	-
Honors College	3,000	3,000	-
Intercampus Shuttle Services	174,000	174,000	-
Interpreters Theatre	35,700	35,700	-
KASC Radio	22,000	22,000	-
Learning Communities	6,500	6,500	-
Library Support	376,100	376,100	-



FY 2023 ANNUAL BUDGET

LOCAL COLLECTIONS

	FY 2023 BUDGET	FY 2022 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION			
Local Support for Academic/Administrative Units	41,153,900	41,153,900	-
Mona Plummer Aquatic Complex	141,900	141,900	-
Overseas Study Abroad Program Costs	3,961,100	3,842,600	118,500
Special Events	196,800	196,800	-
Student Affairs Initiatives	275,800	275,800	-
Student Counseling	5,000	5,000	-
Student Financial Assistance Administration	423,000	423,000	-
Student Forum	45,000	45,000	-
Student Government	20,000	20,000	-
Student Health Services	225,000	225,000	-
Student Organizations	21,000	21,000	-
Student Orientation and Forums	10,600	10,600	-
Student Recreation/Intramurals	3,007,500	3,007,500	-
Student Union/Activities	558,700	558,700	-
Summer Bridge Program	335,200	335,200	-
University Minority Cultural Program	126,200	126,200	-
University Sustainability Initiatives	100,000	100,000	-
Research Asst./Teaching Asst. Benefit Costs	25,207,300	24,115,400	1,091,900
Employee Benefit Adjustments/Contingencies	200,000	200,000	-
SUBTOTAL	\$ 497,932,200	\$ 503,192,200	\$ (5,260,000)
AUXILIARY			
Memorial Union	1,129,200	1,129,200	-
Recreation Sports	827,100	827,100	-
SUBTOTAL	1,956,300	1,956,300	-
OPERATING FUNDS SUBTOTAL	\$ 499,888,500	\$ 505,148,500	\$ (5,260,000)



FY 2023 ANNUAL BUDGET

LOCAL COLLECTIONS

	FY 2023 BUDGET	FY 2022 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION			
<i>FINANCIAL AID</i>			
Regents Financial Aid Set Aside	\$ 212,469,100	\$ 201,894,900	\$ 10,574,200
Other Financial Aid - Institutional Financial Aid	289,241,900	270,422,800	18,819,100
Other Financial Aid - CRESMET/CONACYT/NEEP	371,400	371,400	-
Teach for America Scholarships	100,000	100,000	-
Other Financial Aid - Graduate Scholars Program	600,000	600,000	-
Graduate Fellowship Program	2,366,200	2,366,200	-
CONACYT Fellowship Program	144,900	144,900	-
Other Fin. Aid - School of Engineering Program	1,760,000	1,760,000	-
SUBTOTAL	\$ 507,053,500	\$ 477,660,200	\$ 29,393,300
<i>MINOR CAPITAL/FACILITIES MAINTENANCE PROJECTS</i>	\$ 23,500,000	\$ 21,500,000	\$ 2,000,000
<i>ENERGY MANAGEMENT CONTRACT</i>	4,940,100	5,037,500	(97,400)
<i>DEBT SERVICE</i>	94,195,100	86,257,600	7,937,500
TOTAL LOCAL COLLECTIONS FROM TUITION	\$ 1,129,577,200	\$ 1,095,603,800	\$ 33,973,400
LOCAL COLLECTIONS FROM PROGRAM/COLLEGE FEES			
<i>DESIGNATED</i>			
College Fee Allocation	\$ 119,426,200	\$ 115,083,600	\$ 4,342,600
Graduate Student Support Fee Allocation	5,938,500	2,466,800	3,471,700
Local Support for Academic Units	18,952,000	17,983,400	968,600
SUBTOTAL	\$ 144,316,700	\$ 135,533,800	\$ 8,782,900



FY 2023 ANNUAL BUDGET

LOCAL COLLECTIONS

	FY 2023 BUDGET	FY 2022 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION			
<i>FINANCIAL AID</i>			
Business Financial Aid Set Aside	\$ 3,199,500	\$ 2,859,400	\$ 340,100
Engineering Financial Aid Set Aside	327,400	277,300	50,100
Health Solutions Financial Aid Set Aside	593,900	608,500	(14,600)
Integrative Sciences and Arts Financial Aid Set Aside	18,100	29,800	(11,700)
Journalism Financial Aid Set Aside	96,000	131,300	(35,300)
Law Financial Aid Set Aside	2,159,000	2,148,400	10,600
Liberal Arts and Sciences Financial Aid Set Aside	118,100	112,300	5,800
Nursing Financial Aid Set Aside	606,500	589,400	17,100
College Fee Financial Aid	24,460,700	23,563,600	897,100
Graduate Student Support Fee Financial Aid	1,216,400	505,200	711,200
Student Technology Fee Financial Aid Set Aside	-	323,300	(323,300)
SUBTOTAL	\$ 32,795,600	\$ 31,148,500	\$ 1,647,100
TOTAL LOCAL COLLECTIONS FROM PROGRAM/COLLEGE FEES	\$ 177,112,300	\$ 166,682,300	\$ 10,430,000
TOTAL LOCAL COLLECTIONS	\$ 1,306,689,500	\$ 1,262,286,100	\$ 44,403,400



FY 2022 REPORTABLE DEFICITS OF \$100,000 OR MORE

<u>COST CENTER</u>	FY 2021 ACTUAL ENDING SURPLUS/(DEFICIT)	FY 2022 REVENUES AND TRANSFERS IN	FY 2022 EXPENDITURES AND TRANSFERS OUT	FY 2022 OPERATING MARGIN	FY 2022 ENDING SURPLUS/(DEFICIT)
Sun Devil Athletics Operations	\$2,151,200	\$89,911,000	\$99,242,600	(\$9,331,600)	(\$7,180,400)

Description

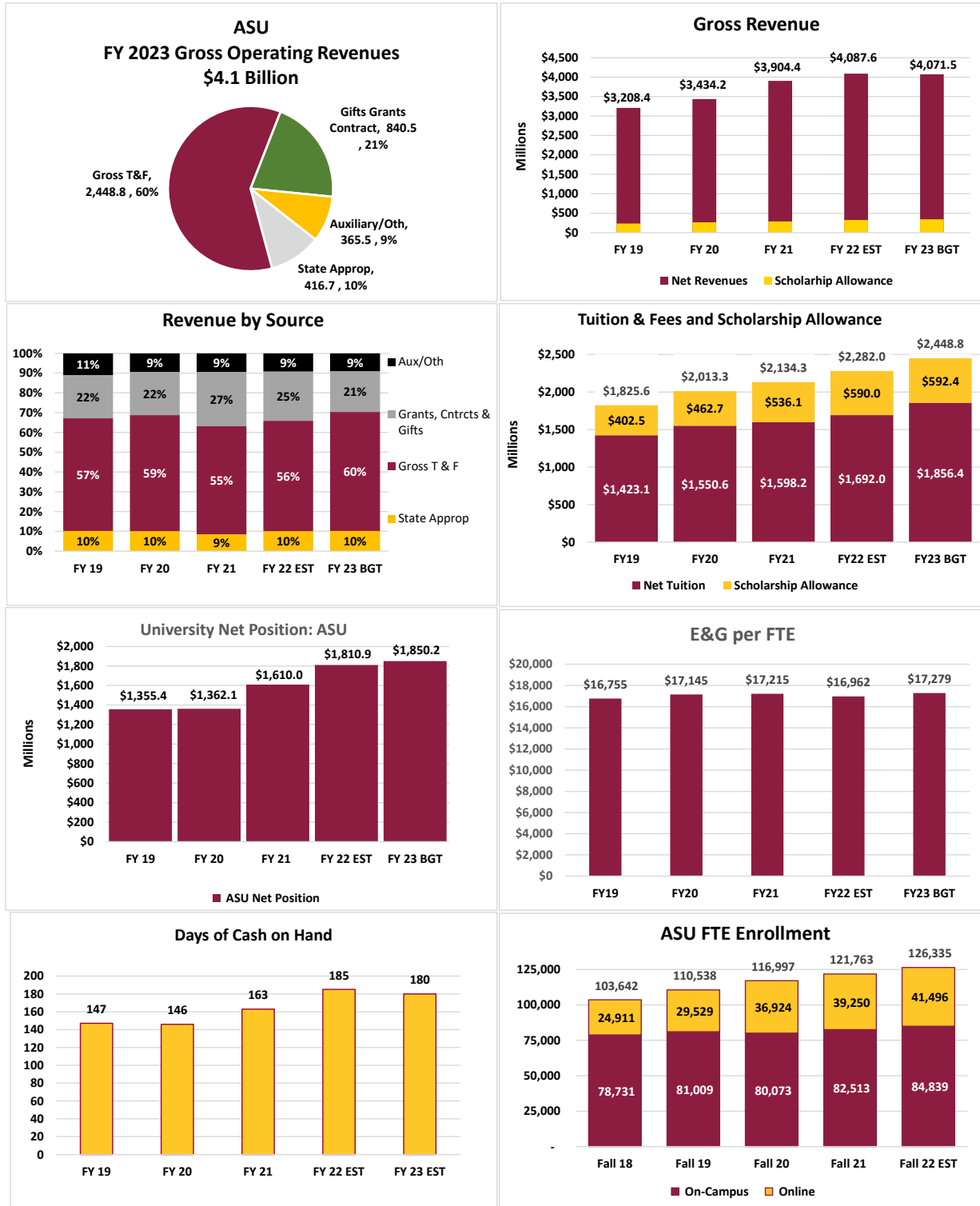
There are several significant factors contributing to SDA's projected FY 2022 operating deficit. Covid-related issues continue to affect FY 2022 revenue, especially tickets and sponsorships. Ticket prices were kept at FY 2020 levels for FY 2022. Forecasted FY 2022 corporate sponsorships and licensing net revenue are \$1.8 million less than originally budgeted in FY 2020 (pre-Covid). Approximately \$4.7 million in gifts related to football and men's basketball tickets were received and recorded as revenue in FY 2020. Due to Covid, fans were not able to attend FY 2021 games to which the gifts were tied. In the interest of fan retention, goodwill and game-related revenue, SDA allowed the gifts to apply to FY 2022 events. SDA is experiencing many of the same types of Covid-related cost increases as the rest of the nation, especially with service provider, travel and meal costs, as well as pressure on salaries and wages. To address the deficit, SDA leadership plans to hold FY 2023 operating budget categories at FY 2021 levels – 15% less than originally budgeted in FY 2020 – where possible, without negatively impacting revenue and student-athlete well-being. SDA's new multi-purpose arena is expected to generate long-term incremental net revenue. Although there is uncertainty as to the amount, it is expected that the Pac-12 Conference's revenue distribution to SDA will significantly increase, with a new media rights agreement in place no later than FY 2025.

ARIZONA STATE UNIVERSITY - TUITION AND FEES REVENUE
 (\$000)

	FY19	FY20	FY21	FY22 EST	FY23 BGT	Δ FY22/FY23	
Tuition - Immersion	1,053,521	1,131,995	1,108,378	1,195,621	1,267,803	72,181.8	6%
NR UG	472,205	496,099	482,162	527,598	578,880	51,281.3	10%
RES UG	397,652	438,449	440,456	437,686	448,627	10,940.9	2%
NR Grad	134,197	147,333	133,547	180,150	190,315	10,164.6	6%
RES Grad	49,467	50,114	52,213	50,187	49,982	(205.0)	0%
Tuition - Online	331,668	399,232	493,897	523,765	565,254	41,488.9	8%
NR UG	224,376	271,079	336,219	354,911	368,053	13,141.4	4%
RES UG	40,958	50,473	59,868	65,282	63,853	(1,429.8)	-2%
NR Grad	50,674	59,801	76,751	81,796	102,429	20,633.2	25%
RES Grad	15,660	17,879	21,059	21,776	30,920	9,144.1	42%
Prog Fees/Diff Tuition	164,166	120,425	94,967	102,052	122,945	20,892.5	20%
UG	80,504	47,048	17,057	15,171	14,297	(874.7)	-6%
Grad	83,662	73,377	77,910	86,881	108,648	21,767.2	25%
College Fees	0	78,841	134,158	147,233	154,873	7,639.7	5%
UG		65,983	121,542	133,834	143,887	10,052.8	8%
Grad		12,858	12,616	13,399	10,986	(2,413.1)	-18%
Course Fees	26,876	6,872	1,035	871	283	(587.6)	-67%
UG	25,680	6,282	232	296	283	(12.8)	-4%
Grad	1,196	590	803	575	0	(574.8)	-100%
Extended Ed							
Summer & Winter Sessions	149,505	181,260	205,007	208,000	219,344	11,344.3	5%
Mandatory Fees	51,102	49,540	44,518	46,653	50,032	3,378.8	7%
UG	33,874	38,977	34,047	35,581	36,057	475.7	1%
Grad	17,228	10,563	10,471	11,072	13,975	2,903.1	26%
Other Misc	48,768	45,146	52,348	57,835	68,289	10,453.7	18%
Total Tuition & Fees	1,825,606	2,013,311	2,134,308	2,282,031	2,448,823	166,792.1	7%
Yearly Change	8%	10%	6%	7%	7%		
Scholarship Allowance	402,554	462,730	536,128	590,000	592,400		
Net Tuition and Fees	1,423,052	1,550,581	1,598,180	1,692,031	1,856,423		



FY 2023 ANNUAL BUDGET



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FY23 Annual Budget Submission

Introduction

The annual budget process provides an opportunity to assess NAU's operations and is a key element of the overall business planning process, in conjunction with the tuition setting process and Operational and Financial Review process. Each component is a key operational decision point where strategic investments and reallocations are considered to ensure that they support the strategic direction of NAU, and in turn, support our students, faculty, and staff.

As NAU moves to operationalizing the recently announced NAU 2025 Elevating Excellence Strategic Plan, NAU transitions operations from managing the significant impacts of the COVID-19 pandemic to one that looks to provide A Bold and Boundless Future for All rooted in a commitment to providing equitable post-secondary value.

Overview

NAU submits the FY23 Annual Budget that projects a net position increase of \$7.9M. This net position change reflects the projected financial statement view and is influenced by the remaining federal one-time HEERF (Higher Education Emergency Relief Funds) funding that complements NAU's other funding sources. On a cash, or annual budgeting view, the budget submitted is balanced. The monthly days cash on hand metric is expected to be 175 days based on the projected expenditure level for this upcoming year. This reflects a decrease from the anticipated FY22 monthly days cash on hand metric of 185 days and keeps NAU within the board approved financial liquidity range and well positioned in terms of financial liquidity. NAU remains committed to monitoring the impacts that both revenue and spending has on its balance sheet, and in turn, its credit ratings.

Revenue

NAU projects revenue in FY23 to decrease 5% over its FY22 revenue budget and decrease 10% compared to expected 2022 actual results. The largest driver of the year to year revenue decline is the reduction of HEERF revenue which for FY22 is estimated to be \$77M for both the student and institutional components. At the budgeted revenue level, the distribution of FY23 revenue sources varies from the FY22 sources in that the remaining one-time Federal HEERF funding expected for FY23 is anticipated to comprise only 2% of revenue as compared to 13% in the FY22 budget. HEERF funding of \$14M will extend to the upcoming year as the timing of technological investments planned to use institutional funds have been impacted this year by supply chain issues in addition to the recently announced MSI (Minority Serving Institution) allocation of \$4M being made at the end of the current year.

Net tuition and fees and state appropriations comprise approximately 56% of NAU's budgeted FY23 revenue sources and are the primary funding source for the instruction and support for NAU's students. A slight increase in net tuition and fees revenue is projected in FY23 compared to the FY22 projection while the FY23 state appropriation is projected to decrease as the removal of FY22 one time state appropriation funding is not completely offset by the New Economy

Initiative investment included in the Executive's fiscal year 2023 budget proposal. The FY23 budget numbers do reflect the continuation of the \$3.0 million appropriation which is considered a pass through appropriation to TGEN.

NAU expects its other revenue categories to see improvement in the upcoming fiscal year. Auxiliary revenue is projected to increase by 18% compared to the FY22 budget and by 6% over expected FY22 results with increased student demand for on campus university housing and more meal plans purchased as the primary drivers. Revenue from TRIF funding is expected to maintain levels reflected in the most recently adopted three year plan. NAU's revenue growth from grants and contracts revenue will increase slightly from ongoing sponsored project activity. Increased campus activities, including Road Scholar program activities, will drive a slight increase in the Other Revenue category from projected FY22 levels. Philanthropic gift revenue is expected to increase from FY22 levels as efforts to diversify the university's revenue stream continue to provide additional financial support for university operations. Further, NAU will continue to pursue external opportunities for incremental and sustainable funding to help support critical investments and help spur additional activity in conjunction with the NAU 2025 Elevating Excellence Strategic Plan.

As approved by the Board at its February 2018 meeting and important to note, NAU's FY23 budget includes an estimate of \$0.7 million from Proposition 123 distributions, for use as general-purpose funds. This is the same level of Proposition 123 funding included in the FY18 through FY23 budgets.

Enrollment

Enrollment assumptions for this upcoming year have been updated from the tuition and fee setting process. The projections include a 473 FTE decrease for Fall 2022 as compared to the 858 decrease initially projected in March. The decrease projected for the upcoming year is primarily the result of smaller roll through of previous year's incoming cohorts. The projections for Fall 2022 incoming cohort reflect the second year of increased enrollment from the incoming first year cohort and the highest level of Resident accepts in institutional history. NAU, however, is expected to have fewer international and domestic non-resident undergraduate students this fall even as graduate enrollments are projected to increase compared to the prior year.

NAU's commitment to balancing student affordability with the predictability of a tuition pricing model has been rooted in the Pledge tuition program on the Flagstaff campus, which will continue for this upcoming year. NAU remains dedicated to providing a number of accessible educational options to students and their families who are increasingly first generation students across diverse ethnicities. Tuition pricing and financial aid changes have been announced for Fall 2023 as strategies to support NAU's access mission.

Major Initiatives/Strategic Investments

NAU's initiatives for FY23 focus on aligning expenditures to the projected revenue base while pursuing targeted investments that will propel and be guided by NAU's Elevating Excellence roadmap in the following seven areas:

- Academic Excellence
- Student Success
- Commitment to Indigenous Peoples

- Impactful Scholarship
- Mission-Drive and Diverse Faculty and Staff
- Community Engagement
- Sustainable Stewardship of Resources

Strategic Priority Investment Areas

Programmatic investments in the New Economy Initiative: NAU's planned investments include those for the continued build out of several programs to address Arizona's increasing need for workforce development in high demand fields such as mental and physical health care programs – the primary focus of the New Economy Initiative investment at NAU. These program investments align with the continued development of Allied Health programs at the Phoenix BioScience Core including the final buildout of the Physician Assistant program cohort increase by ten students in fall 2022. Expansion of nursing programs at statewide locations including Yuma and expansion of the Doctoral program in Clinical Psychology align with the New Economy Initiative investment. Investments of incremental recurring general purpose funds are estimated at \$10.1 million.

Investments in NAU Faculty, Staff and Students: Investment in NAU's faculty, staff and students is an important university initiative. Our success is highly dependent on our continued ability to attract and retain high quality faculty and staff and investing in this talent through strategic and meritorious adjustments is critical. To fund permanent salary adjustments and increasing health insurance costs, ongoing review of resource allocations are made throughout the university to identify efficiencies that can then be reinvested in our faculty and staff. With one of the lowest faculty and staff per 100 student ratios among our ABOR peers, NAU has demonstrated its commitment to running an efficient, student centered enterprise. NAU has announced adjustments to salaries for teaching track faculty track and for the lowest student employment wage for FY23. The University Budget Advisory Board will review strategies and make a recommendation on how to achieve the goal of reaching a 10% increase for faculty and staff salaries over a three year time frame. Investments of incremental recurring general purpose funds are estimated at \$3.0 million.

Investments in Infrastructure and Technology: Investments in technology have been a primary focus of NAU's strategy to provide flexibility and accessibility to enhance the student experience and will continue for this upcoming year. NAUFlex was installed in classrooms on the Flagstaff campus as well as statewide sites during the pandemic and in combination with investments to expand and enhance WiFi on the Flagstaff campus continue to be an important investment for this upcoming year. These investments complement ongoing investments in facility fire life safety projects and other deferred maintenance projects that are critical to support a safe environment for students, faculty and staff and are also important to recruiting and retaining students. Investments of general purpose funds and one time funds are estimated at \$4.0 million.

Operational changes to impact expenditures

Personnel Costs: Salaries, wages and benefit costs are the largest university expenditure and a number of actions have been adopted that impact FY23. Implementation of the noted wage adjustments for teaching track faculty and students will complement the upcoming work toward working the goal to reach a 10% increase over three years for faculty and staff. Adjustments on the latter initiative will have a half year expense impact on the FY23 budget.

Operational budget expenditures across all departments: From contracts and leases that were renegotiated to reduce in operational expenditures from travel to training, all units across the university reviewed and identified opportunities to reduce non-personnel expenditures as a primary source of addressing the budget reductions in FY22. Moving into FY23, operational expenditures will increase in conjunction with increased campus activity levels. These increases will align with the anticipated student enrollment levels and will facilitate important residential campus student experiences that is important to student success and retention.

Expenses

NAU projects operating expenses will decrease 9% over the FY22 expense levels as one time expenditures supported by HEERF funds are removed from the expenditure base. A significant component in the expenditure base is personnel costs which comprise nearly 60% of the university's operating costs.

The estimated increase in the Other Operating Expense category for FY23 is the result of NAU's operational activities with travel activity continuing to increase from low levels during the pandemic, increased campus activity that drive a range of expenditures including utility usage, and higher costs associated with a range of goods and services including utilities and technology purchases. Depreciation expense is projected to increase to \$46.0 million as current capital projects such as the Student Athlete High Performance Center have been completed.

NAU remains a good steward of available resources whether it is through investments from the state, students or external philanthropic partners. NAU operates an efficient and student centered enterprise and will continue a number of initiatives on that front during the upcoming year including contract and lease reviews, targeted optimization reviews of the new administrative service delivery framework to increase specific activity effectiveness, and further leveraging technology to address document management and workflow. Additionally, the focus on strategic procurement priorities will be a key area of focus given issues with procurement supply chains.

Summary

NAU's FY23 annual budget submission reflects its continued commitment to the success of its students and the employees who work to support those students as well as the long term mission and viability of the institution. Maintaining a budget for FY23 that aligns revenue with expenditures is a critical component to the fiscal health needed and operational structure required to remain a viable institution over the long term that extends beyond 2023. NAU remains committed to working closely with the State of Arizona to identify funding that will support its long standing mission to serve Arizona through maximizing the opportunities that await in FY23.



FY 2023 ANNUAL BUDGET

UNIVERSITY OPERATING BUDGET
FY 2023 (WITH FY 2022 COMPARATIVE BUDGET DATA)
 (\$ millions)

	FY 2023	FY 2022	FY 2022	VARIANCE BETWEEN		VARIANCE BETWEEN	
	BUDGET	ESTIMATE	BUDGET	FY 2023 BGT & FY 2022 EST		FY 2022 EST & FY 2022 BGT	
Revenues							
State General Fund Appropriation (w/o TGEN)	\$120.2	\$121.3	\$100.6	(\$1.1)	-0.9%	\$20.7	20.6%
State Appropriation - Research Infrastructure	\$5.3	\$5.0	\$5.0	\$0.3	5.2%	\$0.0	0.0%
State Appropriation - Capital Infrastructure	\$4.8	\$4.8	\$4.8	\$0.0	0.0%	\$0.0	0.0%
State Appropriation - AFAT	\$1.3	\$1.3	\$1.3	\$0.0	0.0%	\$0.0	0.0%
Total General Fund Appropriation	\$131.6	\$132.4	\$111.7	(\$0.8)	-0.6%	\$20.7	18.5%
State Appropriations Transfer - Arizona Teachers Academy	\$6.7	\$6.7	\$4.8	\$0.0	0.0%	\$1.9	39.6%
State Appropriations Transfer - Arizona Promise Program	\$4.3	\$1.6	\$0.0	\$2.7	168.8%	\$1.6	--
Tuition and Fees	\$377.4	\$369.5	\$376.4	\$7.9	2.1%	(\$6.9)	-1.8%
<i>less Scholarship Allowance</i>	<i>(\$171.2)</i>	<i>(\$165.4)</i>	<i>(\$164.4)</i>	<i>(\$5.8)</i>	<i>3.5%</i>	<i>(\$1.0)</i>	<i>0.6%</i>
Net Tuition and Fees	\$206.2	\$204.1	\$212.0	\$2.1	1.0%	(\$7.9)	-3.7%
Grants & Contracts -- Research	\$72.0	\$70.0	\$68.0	\$2.0	2.9%	\$2.0	2.9%
Financial Aid Grants (Primarily Federal Pell Grants)	\$42.5	\$42.5	\$42.5	\$0.0	0.0%	\$0.0	0.0%
Higher Education Emergency Relief (HEERF) – Student	\$0.0	\$38.9	\$39.4	(\$38.9)	-100.0%	(\$0.5)	-1.3%
Higher Education Emergency Relief (HEERF) – Institutional/Other	\$14.4	\$37.7	\$47.9	(\$23.3)	-61.8%	(\$10.2)	-21.3%
Private Gifts	\$25.0	\$20.0	\$20.0	\$5.0	25.0%	\$0.0	0.0%
Technology & Research Initiative Fund (TRIF)	\$17.7	\$39.7	\$16.0	(\$22.0)	-55.4%	\$23.7	148.1%
Auxiliary Revenues, Net	\$69.0	\$65.0	\$58.5	\$4.0	6.2%	\$6.5	11.1%
Other Revenues	\$31.0	\$27.5	\$27.5	\$3.5	12.7%	\$0.0	0.0%
Total Other Revenues	\$271.6	\$341.3	\$319.8	(\$69.7)	-20.4%	\$21.5	6.7%
Total Revenues	\$620.4	\$686.1	\$648.3	(\$65.7)	-9.6%	\$40.5	6.2%
Expenses							
Salaries and Wages	\$270.0	\$270.0	\$263.0	\$0.0	0.0%	\$7.0	2.7%
Benefits	\$90.0	\$89.0	\$92.0	\$1.0	1.1%	(\$3.0)	-3.3%
All Other Operating	\$149.0	\$163.5	\$129.9	(\$14.5)	-8.9%	\$33.6	25.9%
HEERF Student Emergency Grants	\$0.0	\$41.3	\$39.4	(\$41.3)	-100.0%	\$1.9	4.8%
Scholarships & fellowships, Net of Scholarship Allowance	\$37.7	\$34.0	\$41.7	\$3.7	10.9%	(\$7.7)	-18.5%
Interest on Indebtedness	\$19.8	\$20.7	20.7	(\$0.9)	-4.4%	\$0.0	0.0%
Depreciation	\$46.0	\$44.0	47.5	\$2.0	4.5%	(\$3.5)	-7.4%
Pension Liability/OPEB (GASB 68 & GASB 45)	\$0.0	\$7.5	-	(\$7.5)	-100.0%	\$7.5	--
Total Expenses	\$612.5	\$670.0	\$634.3	(\$57.5)	-8.6%	\$35.8	5.6%
Net Increase	\$7.9	\$16.1	\$14.1	(\$8.2)	-51.1%	\$2.0	14.5%

MONTHLY DAYS CASH ON HAND

Monthly days cash on hand is projected to be approximately 175 days at June 30, 2023

Fiscal Year	Days Cash on Hand
FY 19	151
FY 20	149
FY 21	185
FY 22 EST	185
FY 23 EST	175

■ Board's Target Range (75%-125% Moody's Median)
 — NAAU

FY 2023 ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE FUNDS (\$ millions)

FY 2022 Base Budget	\$ 426.0
Changes in Incremental Funding	
Tuition and Fees - rate changes	\$ 8.0
Tuition and Fees—enrollment and mix shift	(13.8)
State Appropriation—FY23 New Economy Initiative Executive Budget	10.1
State Appropriation—FY23 research infrastructure funding	.3
State Appropriation—FY23 university capital infrastructure funding	.1
State Appropriation— Remove FY22 One Time Appropriation	(12.2)
Other including investment income	1.5
Net Change in Resources	(\$6.0)
Allocation of Incremental Resources	
New Economy Investment—health professions (Net NEI change)	1.1
Technology and Facility Infrastructure	1.0
Faculty, Staff and Student Salary and Wage Investment	3.0
Student Financial Aid	3.0
Debt Service	(1.2)
Strategic Reallocations	(12.9)
Net Change in Budget Allocations	\$(6.0)
FY 2023 Base Budget	\$420.0

Strategic Metric Addressed			
Student Educational Success & Learning	Educational	Discover New Knowledge	Impact Arizona
e.g., Fr retention, enrollment, grad rates, etc.	e.g., Bachelors degrees awarded, grad degrees, E&G, certifications and credentials	e.g., Research and development, licenses & options, inventions	e.g., Public service, degrees in high demand fields, etc
Note which metrics addressed in each quadrant for each line item			
X	X	X	X
X	X	X	X
X	X	X	X
X	X	X	X
X	X	X	X
X	X	X	X

1. General Purpose Funds include state general funds, tuition and fees, investment income, administrative service charge, facilities & administration revenue (indirect cost recovery). Excludes Restricted & Auxiliary Funds.

FY 2023 ANNUAL BUDGET

STATE EXPENDITURE AUTHORITY (*\$ thousands*)

	FY23 BUDGET	FY22 BUDGET	CHANGE
University Revenues			
Resident Tuition	\$ 176,175.5	\$ 181,982.3	\$ (5,807.3)
Non Resident Tuition	126,694.0	125,035.2	1,658.8
Program Fees	5,925.0	5,848.4	76.6
Other Student Fees	0.0	0.0	0.0
Miscellaneous Revenues	6,935.0	4,935.0	2,000.0
Total University Revenues	\$ 315,729.0	\$ 317,800.9	\$ (2,071.9)
University Revenues Retained for Local Uses			
Support for Local Operating Budgets	\$ 11,164.1	\$ 13,989.1	\$ (2,825.0)
Regents Financial Aid Set Aside	30,174.1	33,000.0	(2,825.9)
Other Financial Aid	128,793.5	124,628.5	4,165.0
Plant Funds	1,000.0	1,000.0	0.0
Debt Service/COPS/Lease Purchase	14,200.0	10,200.0	4,000.0
Total Retained for Local Uses	\$ 185,331.7	\$ 182,817.6	\$ 2,514.1
University Revenues Remitted to State (State Collections)	\$ 130,397.3	\$ 134,983.3	\$ (4,586.0)
Plus: State General Fund Appropriation	134,625.7	117,701.2	16,924.5
Total State Expenditure Authority	\$ 265,023.0	\$ 252,684.5	\$ 12,338.5

% CHANGES IN INCREMENTAL REVENUES

State General Funds 14.4%
 Tuition -1.4%
 Program, Other Student Fees and Misc. Revenue 19.3%

USES OF INCREMENTAL REVENUES (% Change)

Local Operating Budgets -20.2% Other Financial Aid 3.3%
 Regents Financial Aid Set Aside -8.6%
 Plant/Debt Service/COPS/Lease Purchase 0%

FY 2023 ANNUAL BUDGET

LOCAL COLLECTIONS

	FY23 BUDGET	FY22 BUDGET	CHANGE
LOCAL COLLECTIONS FROM TUITION AND FEES			
OPERATING FUNDS FROM TUITION			
Child Care	43,900	43,900	0
Graduate Assistant Tuition Remission	2,400,000	2,400,000	0
College of Arts and Letters Support	93,360	93,400	(40)
School of Communications Support. Radio, Cable, Forensics	2,750	2,800	(50)
Online and Educational Innovation and Partnerships Investment	7,396,800	10,261,700	(2,864,900)
Employee Benefit Contingency	50,000	50,000	0
Operations: Collections	502,300	502,300	0
SUBTOTAL	\$ 10,489,110	\$ 13,354,100	\$ (2,864,990)
<u>AUXILIARY</u>			
	\$ 0	\$ 0	\$ 0
	0	0	0
SUBTOTAL	\$ 0	\$ 0	\$ 0
OPERATING FUNDS SUBTOTAL	\$ 10,489,110	\$ 13,354,100	\$ (2,864,990)

FY 2023 ANNUAL BUDGET

LOCAL COLLECTIONS (Cont.)

OPERATING FUNDS FROM TUITION AND FEES (cont.)

FINANCIAL AID

Regents Financial Aid Set Aside	\$ 30,174,100	\$ 33,000,000	\$ (2,825,900)
Other Financial Aid - Institutional Financial Aid	127,964,102	123,808,500	4,155,602
SUBTOTAL	\$ 158,138,202	\$ 123,808,500	\$ 1,329,702

<u>MINOR CAPITAL PROJECTS/PLANT FUNDS</u>	\$ 1,000,000	\$ 1,000,000	\$ 0
<u>DEBT SERVICE</u>	14,200,000	10,200,000	4,000,000

TOTAL LOCAL RETENTION FROM TUITION	\$ 183,827,312	\$ 181,362,600	\$ 2,464,712
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LOCAL COLLECTIONS FROM PROGRAM FEES

DESIGNATED OPERATING FUNDS

Doctorate of Physical Therapy (DPT) Program Fee	\$ 187,000	\$ 187,000	\$ 0
Physician Assistant (PA) Program Fee	312,800	312,800	0
Occupational Therapy (OT) Program Fee	92,200	92,200	0
Athletic Training (AT) Program Fee	43,000	43,000	0
Clinical PsyD Program	40,000	0	40,000

FINANCIAL AID

Physical Therapy Financial Aid Set Aside	\$ 232,600	\$ 232,000	\$ 600
Physician Assistant Financial Aid Set Aside	284,200	285,000	(800)
Occupational Therapy Financial Aid Set Aside	204,700	204,000	700
Athletic Training Financial Aid Set Aside	15,300	12,000	3,300
Doctor of Clinical Psychology Financial Aid Set Aside	92,600	87,000	5,600
SUBTOTAL	\$ 829,400	\$ 820,000	\$ 9,400

TOTAL LOCAL RETENTION FROM PROGRAM FEES	\$ 1,504,400	\$ 1,455,000	\$ 49,400
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FY 2023 ANNUAL BUDGET

FY 2023 LOCAL BUDGETS WITH DEFICITS OF \$100,000 OR MORE

	FY21 ACTUAL ENDING <u>SURPLUS/(DEFICIT)</u>	FY22 PROJECTED ENDING <u>SURPLUS/(DEFICIT)</u>	FY23 ESTIMATED REVENUES AND TRANSFERS IN	FY23 ESTIMATED EXPENDITURES AND TRANSFERS OUT	FY23 PROJECTED ENDING <u>SURPLUS/(DEFICIT)</u>
	\$	\$	\$	\$	\$

Deficits: None

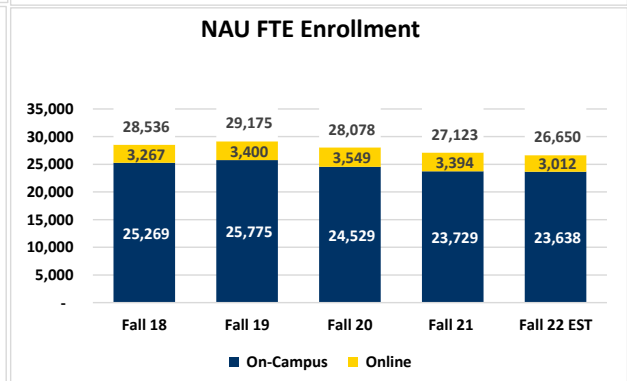
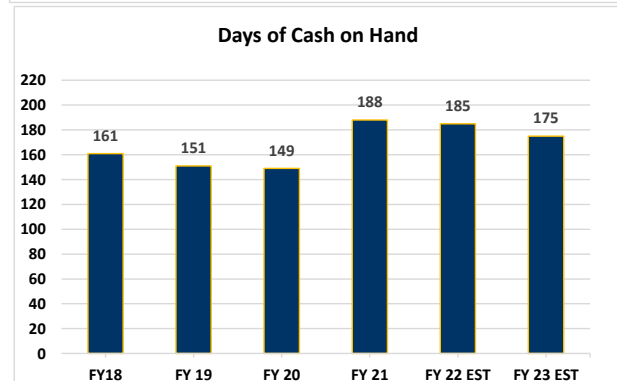
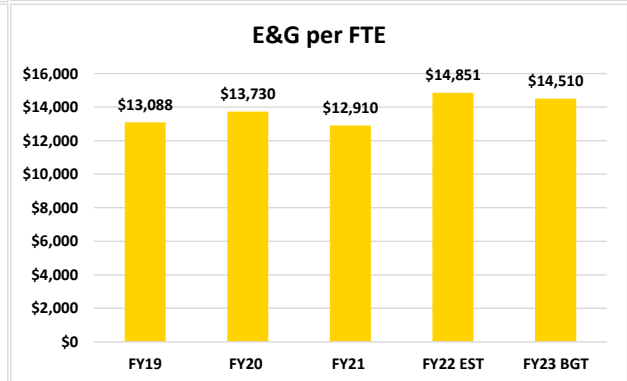
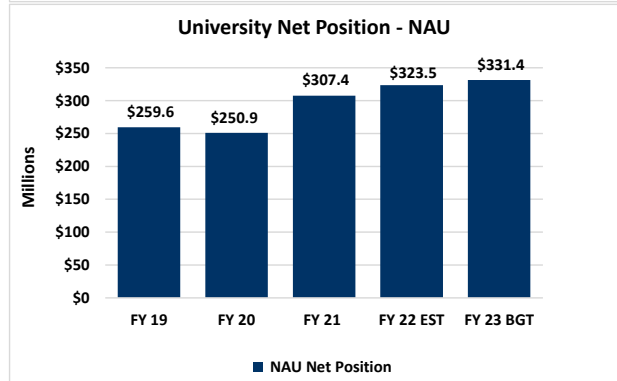
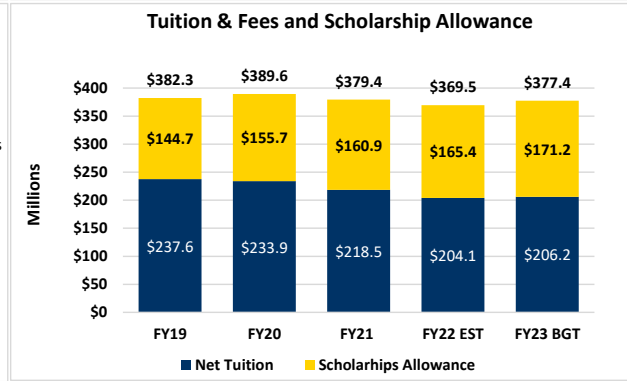
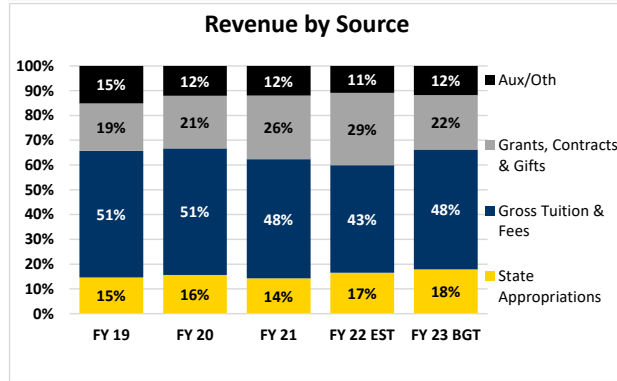
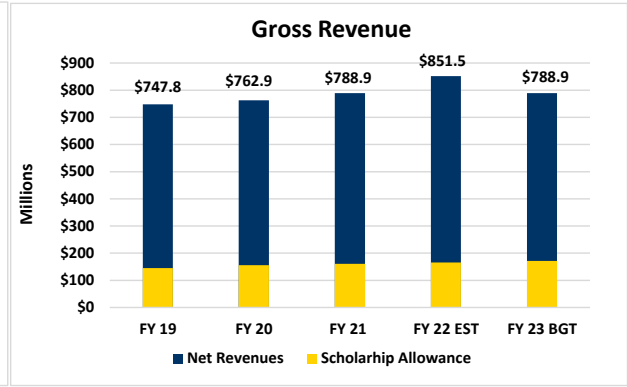
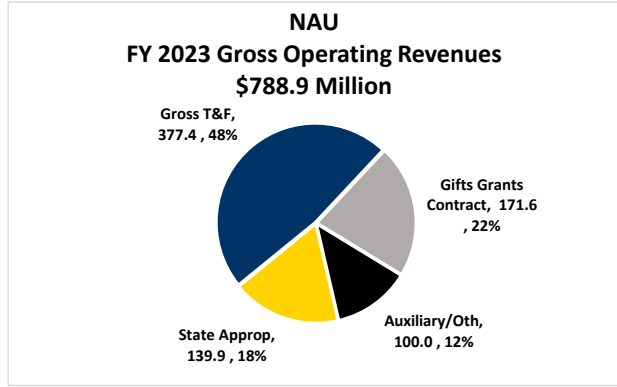
NORTHERN ARIZONA UNIVERSITY - TUITION AND FEES REVENUE

(\$000)

	FY19	FY20	FY21	FY22 EST	FY23 BGT	Δ FY22/FY23	
Base Tuition	277,798	280,917	267,446	264,666	266,220	1,554	1%
NR UG	114,842	113,696	102,739	98,627	99,575	948	1%
RES UG	140,457	141,553	139,270	137,068	135,879	(1,189)	-1%
NR Grad	6,040	7,294	7,729	11,294	11,795	501	4%
RES Grad	16,459	18,374	17,709	17,677	18,971	1,294	7%
Online	33,618	35,126	38,448	35,809	36,648	839	2%
NR UG	6,284	8,043	11,095	8,837	9,705	868	10%
RES UG	17,387	15,908	14,643	13,842	12,484	(1,358)	-10%
NR Grad	2,929	3,308	3,834	4,527	5,619	1,092	24%
RES Grad	7,017	7,866	8,876	8,603	8,841	238	3%
Prog Fees	7,877	10,728	11,479	11,791	7,100	(4,691)	-40%
UG	2,867	4,941	4,793	4,760	-	(4,760)	-100%
Grad	5,010	5,786	6,685	7,031	7,100	69	1%
College Fee	-	-	0	0	13,073	13,073	--
UG					13,073	13,073	--
Grad		-		-	-	0	--
Course Fees	5,187	4,022	3,251	3,223	-	(3,223)	-100%
UG	5,094	3,949	3,198	3,161	-	(3,161)	-100%
Grad	93	73	53	62	-	(62)	-100%
Ext Ed Fees	211	-	-	-	-	0	--
Summer & Winter Sessions	25,521	25,900	26,203	22,300	22,700	400	2%
Mandatory Fees	27,797	28,737	28,502	27,422	27,209	(213)	-1%
UG	25,527	26,279	25,706	24,875	24,575	(300)	-1%
Grad	2,270	2,458	2,796	2,547	2,634	87	3%
Other Misc	4,322	4,178	4,022	4,273	4,400	127	3%
Total Tuition & Fees	382,331	389,609	379,351	369,484	377,350	7,866	2%
Yearly Change	5%	2%	-3%	-3%	2%		
Scholarship Allowance	144,726	155,697	160,899	165,400	171,165		
Net Tuition and Fees	237,605	233,912	218,452	204,084	206,185		



FY 2023 ANNUAL BUDGET





University of Arizona FY 2023 Annual Budget

Overview

The University of Arizona is pleased to submit its FY 2023 annual budget for approval by the Arizona Board of Regents. This budget was developed with input from student leaders, shared governance representatives, and University administration. It reflects initiatives that are aligned with the University's mission and materials presented in recent months to the Board of Regents during tuition setting.

Serving as a guide for investment are the 5 Pillars of the University of Arizona Strategic Plan:

- The Wildcat Journey—driving student success for a rapidly changing world
- Grand Challenges—tackling critical problems at the edges of human endeavor
- Arizona Advantage—driving social, cultural, and economic impact
- Arizona Global—engaging the world
- Institutional Excellence—ensuring UArizona lives its values and innovative culture to enable a high-performing academic and administrative enterprise

The annual budget presented here reflects the University's investments in these key strategic areas and its commitment to the promises made to its students, their parents, faculty and staff, and the state of Arizona.

The FY 2023 budget projects a \$46.2 million increase in net position and represents a balanced budget from a cash perspective. Additionally, it is projected that the University will have 160 monthly days cash on hand at the close of FY 2023. This places the UArizona metric within the required range, which is 25% plus or minus the median among rated public colleges and universities per Moody's.

Revenues

FY 2023 revenues are projected to be \$2.32 billion, a \$48.3 million increase over the FY 2022 revised projections, representing a 2.1% increase. Significant revenue changes from FY 2022 revised projections are attributed to the following:

- \$8.5 million increase in state funding as currently outlined in the Governor's executive budget proposal. FY22 revised estimates includes additional one-time allocations not in appropriations for "27th pay period."
- \$27.7 million increase in grants and contracts due largely to forecasted changes in sponsored research activity primarily in the medical sciences.
- \$64.9 million increase in net tuition and fee revenues from enrollment growth and tuition rate increases. This increase is consistent with our projections during the tuition setting process. It reflects an expected increase of 1,520 student FTE enrollments overall. This net increase is driven by increases in both online and traditional enrollments, particularly among non-resident undergraduate students.



University of Arizona FY 2023 Annual Budget

- Approved tuition rate increases for students entering the Fall 2022 guaranteed tuition cohort are 2% for undergraduate resident students and 5.6% for undergraduate non-resident students.
- FY22 represents the last year of one-time Higher Education Emergency Relief Funds (HEERF) and therefore will result in a decrease of \$88.1 million.
- A \$2.3 million decrease in Other Revenues primarily due to updated expectations around investment income returns.
- \$31.8 million increase in Auxiliary revenues primarily due to expected return of on-campus events and services.

Expenses

FY 2023 expenses are projected to be \$2.27 billion, an increase of \$69.7 million over the FY 2022 revised projections. This represents a 3.2% increase. Expenditure changes reflect the strategic investments to be made from General Purpose funds (detailed in the next section) as well as increases in auxiliary, sponsored research, and other activities.

- Salaries and Wages are expected to increase approximately \$51.5 million or 5%. This is attributable to a campus-wide salary program targeting a 4% increase as well as expected increases in overall workforce as campus returns to more normal operations.
- Benefits are projected to increase \$19.3 million, approximately 5.7%, associated with the above referenced increases in Salary and Wages.
- All Other Operating expenses are expected to increase \$29.5 million, representing a 5.5% increase. This increase is attributable largely to an increase in Grant and Contract activity as well as the return of Auxiliary sales and associated Cost of Goods Sold.
- Interest on indebtedness reflects a decrease of \$4.3 million primarily related to the refinancing efforts made during FY21.
- Scholarships and Fellowships expenditures will increase short of those previously funded from HEERF funding, the net decline to students will be \$34.7 million.



University of Arizona FY 2023 Annual Budget

FY 2023 Strategic Investments

From our General Purpose Funds, we plan to make a number of strategic investments. These investments are aligned with our strategic plan and priorities and will be funded via incremental sources as well as funds identified for reallocation.

- Financial Aid, \$24.2 million as compared to FY 2022 forecast with \$20.7 million in waivers and \$3.5 million other awards. The percentage of institutional tuition discount is expected to remain consistent with FY 2022 forecast levels as we have modified our institutional aid policies for incoming students.
- Faculty, Staff, and Graduate Assistant Salary Adjustments, \$25.9 million – the University is focused on providing annual salary adjustments based upon performance in order to reward employees and improve its competitiveness in retaining this highly valued resources. In addition, the University will adjust wages to meet the new State Minimum Wage.
- Strategic Planning Initiatives support of \$25.9 million. This funding will support a variety of initiatives designed to improve retention, completion, and new program development.
- \$3 million in additional student services support needed as enrollment increases, \$5.9 million in new facilities related costs as new buildings and leased space come online, and \$27 million in investments in our IT infrastructure associated with our financial system and student engagement system.
- \$2.7 million to be used to support MD students in the Colleges of Medicine and \$6.5 million to support a new cohort of College of Veterinary Medicine students.
- The Governor’s executive budget proposal is assumed to be dedicated for New Economy initiatives budgeted at \$14.7 million.
- The remainder of the listed investments represent an internal budget model allocation process and the dollar amounts reflected in the proposal are consistent with comparing the FY 2022 original budget to the FY 2023 original budget and also reflect the new realities embedded in the FY 2022 revised forecasts.

Summary

The University of Arizona continually works to implement efficiencies and identify savings opportunities. It is committed to its students, parents, employees, and the State to providing the most efficient and effective services as possible. The FY 2023 budget is one example of this commitment.

FY 2023 ANNUAL BUDGET

**UNIVERSITY OPERATING BUDGET
 FY 2023 (WITH FY 2022 COMPARATIVE BUDGET DATA)
 (\$ millions)**

	FY 2023	FY 2022	FY 2022	VARIANCE BETWEEN		VARIANCE BETWEEN	
	BUDGET	ESTIMATE	BUDGET	FY 2023 BGT & FY 2022 EST		FY 2022 EST & FY 2022 BGT	
Revenues							
State General Fund Appropriation	\$316.1	\$307.6	\$265.9	\$8.5	2.8%	\$41.7	15.7%
State Appropriation - Research Infrastructure	\$14.3	\$14.2	\$14.2	\$0.1	0.7%	\$0.0	0.0%
State Appropriation - Capital Infrastructure	\$11.3	\$11.1	\$11.1	\$0.2	1.8%	\$0.0	0.0%
State Appropriation - AFAT	\$2.7	\$2.7	\$2.7	\$0.0	0.0%	\$0.0	0.0%
Total General Fund Appropriation	\$344.4	\$335.6	\$293.9	\$8.8	2.6%	\$41.7	14.2%
State Appropriations Transfer - Arizona Teachers Academy	\$1.5	\$1.5	\$1.5	\$0.0	0.0%	\$0.0	0.0%
State Appropriations Transfer - Arizona Promise Program	\$5.1	\$0.0	\$0.0	\$5.1	--	\$0.0	--
Tuition and Fees	\$1,086.9	\$1,005.8	\$924.6	\$81.1	8.1%	\$81.2	8.8%
<i>less Scholarship Allowance</i>	<i>(\$343.1)</i>	<i>(\$326.9)</i>	<i>(\$293.2)</i>	<i>(\$16.2)</i>	5.0%	<i>(\$33.7)</i>	11.5%
Net Tuition and Fees	\$743.8	\$678.9	\$631.4	\$64.9	9.6%	\$47.5	7.5%
Grants & Contracts -- Research	\$684.0	\$656.3	\$656.3	\$27.7	4.2%	\$0.0	0.0%
Financial Aid Grants (Primarily Federal Pell Grants)	\$60.4	\$56.3	\$56.3	\$4.1	7.3%	\$0.0	0.0%
Higher Education Emergency Relief (HEERF) – Student	-	38.2	43.2	<i>(\$38.2)</i>	-100.0%	<i>(\$5.0)</i>	-11.6%
Higher Education Emergency Relief (HEERF) – Institutional/Other	-	49.9	47.1	<i>(\$49.9)</i>	-100.0%	\$2.8	5.9%
Private Gifts	\$98.1	\$91.8	\$91.8	\$6.3	6.9%	\$0.0	0.0%
Technology & Research Initiative Fund (TRIF)	\$33.9	\$43.9	\$30.0	<i>(\$10.0)</i>	-22.8%	\$13.9	46.3%
Auxiliary Revenues, Net	\$182.8	\$151.0	\$151.0	\$31.8	21.1%	\$0.0	0.0%
Other Revenues	\$167.0	\$169.3	\$169.3	<i>(\$2.3)</i>	-1.4%	\$0.0	0.0%
Total Other Revenues	\$1,226.2	\$1,256.7	\$1,245.0	(\$30.5)	-2.4%	\$11.7	0.9%
Total Revenues	\$2,321.0	\$2,272.7	\$2,171.8	\$48.3	2.1%	\$100.9	4.6%
Expenses							
Salaries and Wages	\$1,073.1	\$1,021.6	\$999.0	\$51.5	5.0%	\$22.6	2.3%
Benefits	\$358.9	\$339.6	\$335.6	\$19.3	5.7%	\$4.0	1.2%
All Other Operating	\$565.4	\$535.9	\$524.5	\$29.5	5.5%	\$11.4	2.2%
HEERF Student Emergency Grants	\$0.0	\$38.2	\$43.2	<i>(\$5.0)</i>	-11.6%		
Scholarships & fellowships, Net of Scholarship Allowance	\$69.1	\$65.6	\$60.8	\$3.5	5.3%	\$4.8	7.9%
Interest on Indebtedness	\$51.9	\$56.2	\$56.2	<i>(\$4.3)</i>	-7.7%	\$0.0	0.0%
Depreciation	\$156.4	\$148.0	\$148.0	\$8.4	5.7%	\$0.0	0.0%
Pension Liability/OPEB (GASB 68 & GASB 45)				\$0.0	--	\$0.0	--
Total Expenses	\$2,274.8	\$2,205.1	\$2,167.3	\$69.7	3.2%	\$37.8	1.7%
Net Increase	\$46.2	\$67.6	\$4.5	(\$21.4)	-31.7%	\$63.1	1402.2%

Monthly Days Cash on Hand

Monthly days cash on hand is projected to be 160 days at June 30, 2023.



■ Board's Target Range (75%-125% Moody's Median)
 — UA



ANNUAL BUDGET

INCREMENTAL ALLOCATION OF GENERAL PURPOSE¹ FUNDS (\$ millions)

FY22 Base Budget **\$ 1,246.2**

Changes in Incremental Funding	
State General Fund Appropriations	50.5
Other Revenues	19.3
Revenues from Tuition and Fees FY22	137.9
Net Change in Resources	207.7

Allocation of Incremental Resources	
Student Financial Aid	24.2
Investment in Workforce Development for the New Economy	14.7
Faculty & Staff Salary Program	25.9
Benefits Costs	3.9
Enrollment Growth Expenses	3.0
Strategic Plan Investments	25.9
Debt Service	1.9
Facilities Costs (operations & maintenance, utilities)	4.0
Investments in programs supported by fees	7.8
Veterinary Medicine Program	6.5
College of Medicine MD programs	2.7
Financials Modernization and IT Investments	27.0
Departmental Budget Model Allocations	26.4
FY22 Center for the Philosophy of Freedom	1.3
FY22 Arizona Geological Survey	0.2
FY22 New Economy	17.6
FY22 Backfill Employee Health Insurance Costs	5.9
FY22 Agriculture Workforce Program	0.5
FY22 Natural Resource Users Law and Policy Center	0.5
FY22 School of Mining	4.0
FY22 Kazakhstan Programs	0.3
FY22 Wind Tunnel	3.5
Net Change in College and Administrative Budget Allocations	\$ 207.7

FY23 Base Budget **\$ 1,453.9**

Strategic Metric Addressed			
Student Educational Success & Learning	Educational	Discover New Knowledge	Impact Arizona
e.g. Fr retention, enrollment, grad rates, etc.	e.g. Bachelors degrees awarded, grad degrees, E&G, certifications and credentials	e.g. Research and development, licenses & options, inventions	e.g. Public service, degrees in high demand fields, etc.
Note which metrics addressed in each quadrant for each line item			
x	x		
	x	x	x
x	x	x	x
x	x	x	x
x	x	x	x
x	x	x	x
x	x	x	x
	x		x
	x		x
x	x	x	x
	x		x
	x	x	x
	x		x
	x	x	x
	x		x
	x	x	

¹ General Purpose Funds include state general funds, tuition and fees, investment income, administrative service charge, and facilities and administration revenue (indirect cost recovery).

FY 2023



ANNUAL BUDGET

STATE EXPENDITURE AUTHORITY BY APPROPRIATION CAMPUS (\$ thousands)

	FY23 BUDGET			FY22 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
University Revenues					
Resident Tuition	\$ 251,080.2	\$ 23,860.0	\$ 274,940.2	\$ 270,885.3	\$ 4,054.9
Non Resident Tuition	496,074.8	10,493.2	506,568.0	398,296.0	108,272.0
Online Tuition Revenue	107,665.2	-	107,665.2	91,044.3	16,620.9
Program Fees	36,366.8	-	36,366.8	33,505.9	2,860.9
Miscellaneous Revenues ¹	(13,360.7)	36,959.3	23,598.6	17,474.1	6,124.5
Total University Revenues	\$ 877,826.3	\$ 71,312.5	\$ 949,138.8	\$ 811,205.6	\$ 137,933.2
University Revenues Retained for Local Uses					
Support for Local Operating Budgets	\$ 162,531.6	\$ -	\$ 162,531.6	\$ 133,390.3	\$ 29,141.3
Program Fees/Differential Tuition	31,275.5	-	31,275.5	28,815.1	2,460.4
Regents Financial Aid Set Aside	53,166.8	2,691.2	55,858.0	52,409.6	3,448.4
Other Financial Aid	221,508.1	1,946.0	223,454.1	202,709.4	20,744.7
Plant Funds	4,776.5	-	4,776.5	4,776.5	-
Debt Service/COPS/Lease Purchase	21,756.5	-	21,756.5	28,152.4	(6,395.9)
Total Retained for Local Uses	\$ 495,015.0	\$ 4,637.2	\$ 499,652.2	\$ 450,253.3	\$ 49,398.9
Appropriated Tuition	\$ 382,811.3	\$ 66,675.3	\$ 449,486.6	\$ 360,952.3	\$ 88,534.3
Plus: State General Fund Appropriation	267,463.5	76,897.7	344,361.2	293,949.2	50,412.0
Total State Expenditure Authority	\$ 650,274.8	\$ 143,573.0	\$ 793,847.8	\$ 654,901.5	\$ 138,946.3

¹ Miscellaneous Revenues include Distributed, Summer Session Reimbursement, and other Miscellaneous Revenues. It also includes a tuition transfer from Main Campus to support units within the AHS Campus.

FY 2023



ANNUAL BUDGET

LOCAL COLLECTIONS

	FY23 BUDGET			FY22 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
LOCAL COLLECTIONS FROM TUITION AND FEES					
OPERATING FUNDS					
<i>DESIGNATED</i>					
Admissions Recruiting	3,555,500	-	3,555,500	\$ 3,555,500	-
Advising Resource Center	202,100	-	202,100	479,200	(277,100)
Applied Biosciences Program	144,800	-	144,800	145,000	(200)
ASUA	161,600	-	161,600	161,600	-
ASUA-Cart Service	149,300	-	149,300	149,300	-
Bursar Billing Support	3,600,000	-	3,600,000	3,000,000	600,000
Campus Brand Engagement	485,100	-	485,100	-	485,100
Campus Health and Wellness	196,300	-	196,300	196,300	-
Campus Life Administration	59,700	-	59,700	-	59,700
CATS Academics	679,200	-	679,200	-	679,200
Dean of Students	962,000	-	962,000	701,000	261,000
Digital Innovation/Stewardship	4,900	-	4,900	4,900	-
Distance Education Program	15,169,000	-	15,169,000	10,744,700	4,424,300
Diversity & Inclusion	2,091,600	-	2,091,600	728,500	1,363,100
Early Outreach	315,000	-	315,000	315,000	-
Enrollment Management	2,435,000	-	2,435,000	1,092,500	1,342,500
Enrollment Marketing	1,149,500	-	1,149,500	1,895,400	(745,900)
FM Student Recreation O&M	259,300	-	259,300	259,300	-
Graduate & Professional Student Council	238,800	-	238,800	240,300	(1,500)
Graduate College	753,900	-	753,900	1,211,900	(458,000)
Graduate Scholarships	3,559,200	-	3,559,200	3,559,200	-
Hispanic Serving Institution	417,900	-	417,900	417,900	-
Learning Disabilities Mandated Services	1,149,100	-	1,149,100	296,000	853,100
Library Acquisitions	461,200	-	461,200	461,200	-
Merchant Credit Card Banking Fees	468,200	-	468,200	468,200	-
Military/ROTC Programs	219,000	-	219,000	219,000	-
Minority Student Recruitment	185,200	-	185,200	185,200	-

FY 2023



ANNUAL BUDGET

LOCAL COLLECTIONS

	FY23 BUDGET			FY22 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
New Start Program	265,800	-	265,800	311,700	(45,900)
Office of the Registrar	1,314,500	-	1,314,500	1,543,900	(229,400)
Online Program Support	107,665,200	-	107,665,200	91,044,300	16,620,900
Student Activities	94,800	-	94,800	94,800	-
Student Affairs Systems Group	654,600	-	654,600	820,300	(165,700)
Student Child Care Voucher Program	354,800	-	354,800	283,100	71,700
Student Engagement	1,160,700	-	1,160,700	1,160,700	-
Student Financial Aid Office	1,816,000	-	1,816,000	1,816,000	-
Student Programs	116,700	-	116,700	116,700	-
Student Services	959,700	-	959,700	1,093,700	(134,000)
Student Services Support - Student Union O&M	1,238,400	-	1,238,400	1,143,100	95,300
Student Transitions/Retention	3,817,500	-	3,817,500	755,900	3,061,600
Student Travel Support	50,300	-	50,300	50,300	-
Sustainability Projects	796,000	-	796,000	796,000	-
Think Tank	1,719,200	-	1,719,200	946,300	772,900
UA Commencement	1,059,700	-	1,059,700	559,700	500,000
UA Library Administration	260,100	-	260,100	260,100	-
UA Presents	33,200	-	33,200	24,600	8,600
Utilities	82,000	-	82,000	82,000	-
OPERATING FUNDS SUBTOTAL	\$ 162,531,600	\$ -	\$ 162,531,600	\$ 133,390,300	\$ 29,141,300
<i>FINANCIAL AID</i>					
Main Campus Financial Aid - ABOR Policy	53,166,800	-	53,166,800	50,052,100	3,114,700
Student Aid Awards (formerly tuition waivers)	216,416,800	1,946,000	218,362,800	198,018,600	20,344,200
College of Medicine Financial Aid - ABOR Policy	-	1,307,700	1,307,700	1,293,300	14,400
College of Medicine-Phx Financial Aid - ABOR Policy	-	1,383,500	1,383,500	1,064,200	319,300
SUBTOTAL	\$ 269,583,600	\$ 4,637,200	\$ 274,220,800	\$ 250,428,200	\$ 23,792,600
MINOR CAPITAL PROJECTS/START UP FUNDS	4,776,500	-	4,776,500	4,776,500	-
DEBT SERVICE	21,756,500	-	21,756,500	28,152,400	(6,395,900)
TOTAL LOCAL RETENTION FROM TUITION	\$ 458,648,200	\$ 4,637,200	\$ 463,285,400	\$ 416,747,400	\$ 46,538,000

FY 2023



ANNUAL BUDGET

LOCAL COLLECTIONS

	FY23 BUDGET			FY22 BUDGET	CHANGE
	MAIN	AHS	TOTAL		
LOCAL COLLECTIONS FROM PROGRAM FEES					
College of Architecture & Landscape Architecture	815,500	-	815,500	751,300	64,200
College of Agriculture and Life Sciences	761,900	-	761,900	701,900	60,000
College of Engineering	3,299,300	-	3,299,300	3,039,800	259,500
College of Fine Arts	468,800	-	468,800	431,900	36,900
College of Medicine-Tucson	105,300	-	105,300	97,000	8,300
College of Nursing	2,868,400	-	2,868,400	2,642,700	225,700
R Ken Coit College of Pharmacy	6,316,500	-	6,316,500	5,819,600	496,900
College of Public Health	489,300	-	489,300	450,800	38,500
College of Science	941,600	-	941,600	867,500	74,100
College of Social and Behavioral Science	2,021,300	-	2,021,300	1,862,300	159,000
Eller College of Management	9,122,300	-	9,122,300	8,404,800	717,500
W.A. Franke Honors College	1,880,900	-	1,880,900	1,732,900	148,000
James E Rogers College of Law	2,184,400	-	2,184,400	2,012,600	171,800
SUBTOTAL	\$ 31,275,500	\$ -	\$ 31,275,500	\$ 28,815,100	\$ 2,460,400
<u>FINANCIAL AID</u>					
College of Architecture & Landscape Architecture Financial Aid	132,700	-	132,700	122,300	10,400
College of Agriculture and Life Sciences Financial Aid	124,000	-	124,000	114,300	9,700
College of Engineering Financial Aid	537,100	-	537,100	494,800	42,300
College of Fine Arts Financial Aid	76,300	-	76,300	70,300	6,000
College of Medicine-Tucson Financial Aid	17,100	-	17,100	15,800	1,300
College of Nursing Financial Aid	466,900	-	466,900	430,200	36,700
R Ken Coit College of Pharmacy Financial Aid	1,028,300	-	1,028,300	947,400	80,900
College of Public Health Financial Aid	79,700	-	79,700	73,400	6,300
College of Science Financial Aid	153,300	-	153,300	141,200	12,100
College of Social and Behavioral Science Financial Aid	329,100	-	329,100	303,200	25,900
Eller College of Management Financial Aid	1,485,000	-	1,485,000	1,368,200	116,800
W.A. Franke Honors College Financial Aid	306,200	-	306,200	282,100	24,100
James E Rogers College of Law Financial Aid	355,600	-	355,600	327,600	28,000
SUBTOTAL	\$ 5,091,300	\$ -	\$ 5,091,300	\$ 4,690,800	\$ 400,500
TOTAL LOCAL RETENTION FROM PROGRAM FEES	\$ 36,366,800	\$ -	\$ 36,366,800	\$ 33,505,900	\$ 2,860,900
TOTAL LOCAL COLLECTIONS	\$ 495,015,000	\$ 4,637,200	\$ 499,652,200	\$ 450,253,300	\$ 49,398,900

FY 2023



ANNUAL BUDGET

FY 2023 LOCAL BUDGETS WITH DEFICITS OF \$100,000 OR MORE

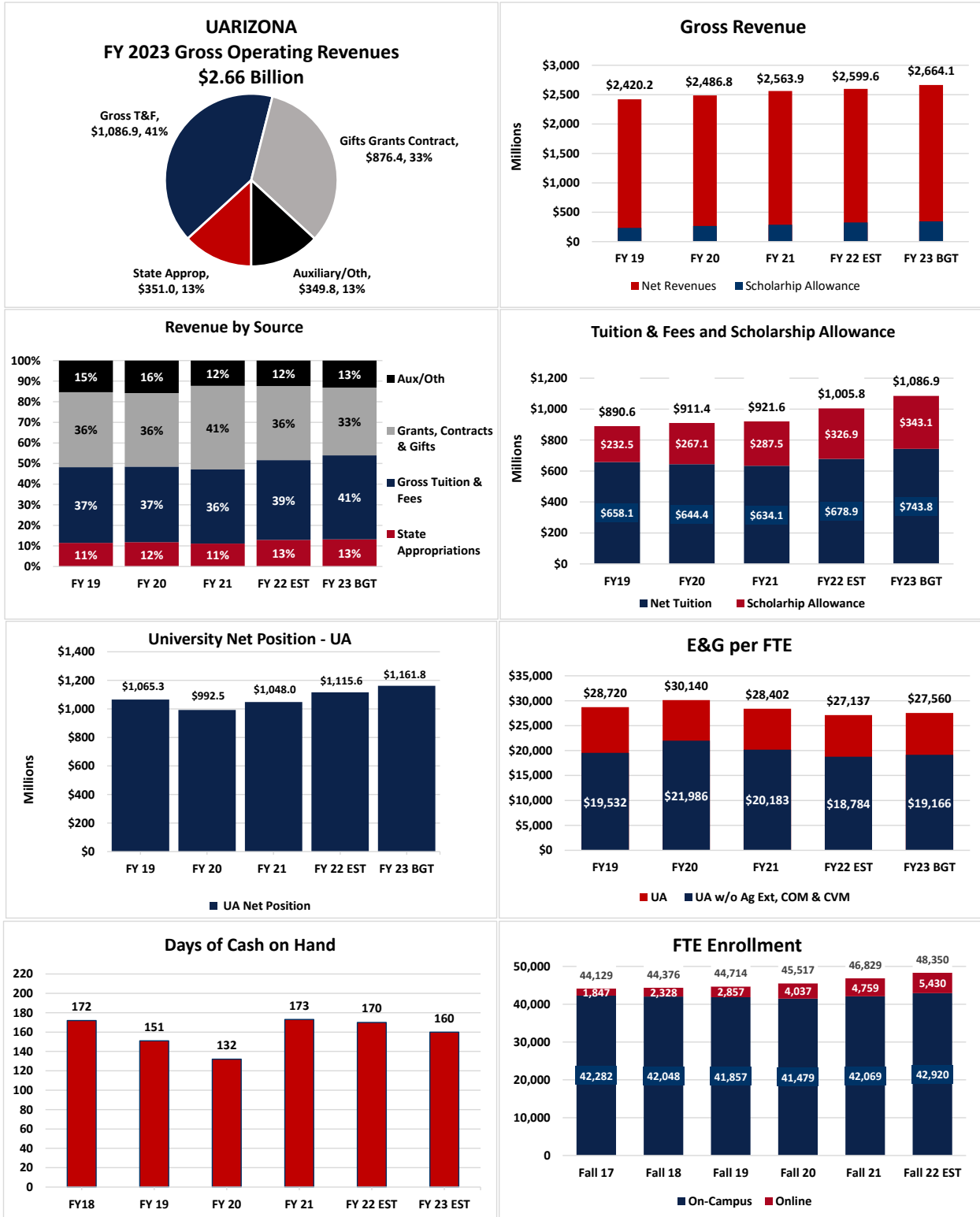
UNIT	FY22 ENDING BALANCE	FY23 ESTIMATED REVENUES AND TRANSFERS IN	FY23 ESTIMATED EXPENDITURES AND TRANSFERS OUT	FY23 ENDING BALANCE
<i>Deficits: None</i>				

UNIVERSITY OF ARIZONA - TUITION AND FEES REVENUE
 (\$000)

	FY 19	FY20	FY21	FY22 EST	FY23 BGT	Δ FY22/FY23	
Fall/Spring Base Tuition	675,140	686,575	668,894	723,348	781,508	58,160	8%
NR UG	344,182	351,092	329,548	383,999	433,709	49,710	13%
RES UG	216,985	219,660	218,009	211,176	208,388	(2,788)	-1%
NR Grad	57,894	60,323	62,918	67,080	72,859	5,779	9%
RES Grad	56,080	55,500	58,418	61,093	66,552	5,460	9%
Online	49,671	59,496	82,339	95,404	107,665	12,261	13%
NR UG	8,593	12,771	21,316	26,420	29,816	3,396	13%
RES UG	7,639	11,354	18,951	23,489	26,508	3,019	13%
NR Grad	16,921	17,899	21,290	23,022	25,981	2,959	13%
RES Grad	16,517	17,472	20,782	22,473	25,362	2,888	13%
Prog Fees/Diff	33,607	32,938	32,730	34,723	36,367	1,644	5%
UG	17,191	16,907	16,705	18,751	19,639	888	5%
Grad	16,416	16,031	16,024	15,972	16,728	756	5%
College Fee	-	-	-	-	-	-	-
UG	-	-	-	-	-	-	-
Grad	-	-	-	-	-	-	-
Course Fees	6,174	6,363	6,979	7,272	7,536	264	4%
UG	5,680	5,855	6,421	6,690	6,934	243	4%
Grad	494	509	558	581	603	21	4%
Ext Ed Fees	16,996	13,805	17,302	28,649	29,506	858	3%
Non Degree	4,217	5,137	5,742	5,163	5,259	96	2%
Summer Session	37,005	37,926	38,090	39,689	41,290	1,601	4%
Mandatory Fees	46,880	49,585	50,683	51,318	57,206	5,888	11%
UG	38,442	40,660	41,560	42,081	46,909	4,828	11%
Grad	8,438	8,925	9,123	9,237	10,297	1,060	11%
Other Misc	20,869	19,581	18,879	20,255	20,548	293	1%
Total Tuition & Fees	890,558	911,407	921,637	1,005,821	1,086,886	81,065	8%
Yearly Change	3%	2%	3%	9%	8%		
Scholarship Allowance	232,468	267,055	287,545	326,900	343,100		
Net Tuition and Fees	658,090	644,352	634,092	678,921	743,786		



FY 2023 ANNUAL BUDGET





**ABOR System Office
FY 2023 Annual Budget**

Introduction and Background

The proposed Arizona Board of Regents FY 2023 budget is \$49.3 million. The budget is comprised of ABOR programs and pass-through funds of \$39.6 million, and ABOR operating expenses of \$9.8 million.

FY 2023 Budget

The FY 2023 portion of programs and pass-through funds represents a decrease of \$1.7 million, or 4%, that is primarily due to remaining one-time funds from Proposition 207 (marijuana funds) for the Arizona Teachers Academy.

The FY 2023 operating budget represents an increase \$1.6 million, or 20%. The operating budget will support increased staffing related to:

- Expansion of advocacy efforts;
- Implementation of attainment initiatives and partnerships;
- Continued buildout of the board office data collection, analysis and reporting section (to support the board, as well as the expanded advocacy and attainment activities);
- Annualized costs of expanding the Academic Affairs and Legal sections; and
- General board office support.

The last table shows the revenues and expenses related to direct operating expenses.



FY 2023 ANNUAL BUDGET

ABOR OPERATING BUDGET
FY 2023 (WITH FY 2022 COMPARATIVE BUDGET DATA)
 (\$ millions)

	FY 2023	FY 2022	FY 2022	VARIANCE BETWEEN		VARIANCE BETWEEN	
	BUDGET	ESTIMATE	BUDGET	FY 2023 BGT & FY 2022 EST		FY 2022 EST & FY 2022 BGT	
Revenues							
State General Fund Appropriation	\$30.0	\$29.5	\$29.9	\$0.5	1.6%	(\$0.4)	-1.4%
GF - Commission for Postsecondary Education to ABOR	\$1.3	\$1.3	\$1.3	\$0.0	0.0%	\$0.0	0.0%
GF - Transfer out from ACPE AZ Teacher Student Loan Program (Private School Students)	\$0.4	\$0.4	\$0.4	\$0.0	0.0%	\$0.0	0.0%
GF - Transfer-out: state appropriations: ATA, AZ Promise, Adaptive Athletics, DC Internships	(\$22.3)	(\$22.2)	(\$23.0)	(\$0.1)	0.2%	\$0.7	-3.2%
				\$0.0	--	\$0.0	--
Total General Fund Appropriation	\$9.3	\$8.9	\$8.6	\$0.4	4.6%	\$0.3	648.1%
Tuition and Fees				\$0.0	--	\$0.0	--
less Scholarship Allowance				\$0.0	--	\$0.0	--
Net Tuition and Fees	\$0.0	\$0.0	\$0.0	\$0.0	--	\$0.0	--
Grants & Contracts -- Research	\$0.2	\$0.2		\$0.0	10.1%	\$0.2	--
Financial Aid Grants (Primarily Federal Pell Grants)	\$1.1	\$1.1	\$0.0	\$0.0	0.0%	\$1.1	--
Higher Education Emergency Relief (HEERF) – Student	\$0.0	\$0.0		\$0.0	--	\$0.0	--
Higher Education Emergency Relief (HEERF) – Institutional/Other	\$0.0	\$0.0		\$0.0	--	\$0.0	--
Private Gifts	\$0.0	\$0.0		\$0.0	--	\$0.0	--
Technology & Research Initiative Fund (TRIF)	\$2.0	\$2.0	\$2.0	\$0.0	0.0%	\$0.0	0.0%
Auxiliary Revenues, Net	\$0.0	\$0.0		\$0.0	--	\$0.0	--
Other Revenues	\$5.8	\$5.5	\$5.9	\$0.3	5.8%	(\$0.4)	-7.2%
Total Other Revenues	\$9.1	\$8.7	\$7.9	\$0.3	3.8%	\$0.8	10.7%
Total Revenues	\$18.4	\$17.7	\$16.5	\$0.7	4.2%	\$1.1	6.9%
Expenses							
Salaries and Wages	\$5.2	\$4.1	\$4.1	\$1.1	28.2%	(\$0.0)	-1.1%
Benefits	\$2.0	\$1.6	\$1.4	\$0.4	27.0%	\$0.2	11.5%
All Other Operating	\$3.1	\$3.0	\$4.4	\$0.1	3.3%	(\$1.4)	-31.2%
HEERF Student Grants				\$0.0	--	\$0.0	--
Other Financial Assistance/Pass-through Funds	\$14.8	\$16.4	\$6.3	(\$1.6)	-9.7%	\$10.1	161.0%
AZ Promise Marketing/Administration	\$0.2	\$0.2	\$6.3	\$0.0	0.0%	(\$6.1)	-96.4%
Interest on Indebtedness	\$0.0	\$0.0	\$6.3	\$0.0	--	(\$6.3)	-100.0%
Depreciation	\$0.0	\$0.0	\$6.3	\$0.0	--	(\$6.3)	-100.0%
Pension Liability/OPEB (GASB 68 & GASB 45)	\$0.0	\$0.0	\$0.0	\$0.0	--	\$0.0	--
Other Expenses	\$1.7	\$1.7	\$1.7	\$0.0	0.0%	\$0.0	0.8%
Total Expenses	\$27.1	\$27.0	\$36.8	\$0.1	0.2%	\$0.1	2602.5%
Net Increase	(\$8.7)	(\$9.3)	(\$20.3)	\$0.7	-7.3%	\$10.9	-53.9%



FY 2023 ANNUAL BUDGET

ABOR Operating Budget

	FY 2023 BGT	FY 2022 EST
Carryforward	\$1,317,281	\$1,576,947
Revenue		
General Fund	\$2,455,400	\$2,421,300
University Assessment	\$3,372,000	\$3,372,038
TRIF	\$2,000,000	\$1,553,004
Other	\$340,000	\$585,094
Total Revenue	\$8,167,400	\$7,931,436
Expenses		
Personal Services	\$5,179,130	\$4,056,367
ERE	\$1,983,269	\$1,561,503
Professional Services	\$1,495,710	\$1,493,910
Other Operating Expenses	\$1,130,805	\$1,079,322
Total Expenses	\$9,788,914	\$8,191,102
BALANCE	(\$304,233)	\$1,317,281
Structural Deficit	(\$1,621,514)	(\$259,666)

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EXECUTIVE SUMMARY

Item Name: Review and Approval of First Amended Multiple-Year Employment Agreement for Men’s Basketball Head Coach (UArizona)

Action Item

Requested Action: The University of Arizona (“UArizona”) asks the board to approve the First Amended Multiple-Year Employment Agreement for Tommy Lloyd as Men’s Basketball Head Coach, as described in this executive summary.

Background

- UArizona seeks review and approval of a First Amended Multiple-Year Employment Agreement ("First Amended Agreement") for Men’s Basketball Head Coach Tommy Lloyd (“Lloyd”) through the period ending March 31, 2027. This First Amended Agreement would result in a new five-year contract, while also amending the salary terms and certain other terms agreed to between Lloyd and UArizona after an exemplary first season for Lloyd.
- In September 2021, following board approval, UArizona entered into the Multiple-Year Employment Agreement (“Agreement”) with Lloyd with a base annual salary of \$1,800,000, with annual increases through the end of the term of March 31, 2026, along with Additional Duties compensation of \$700,000 per contract year. Based on Lloyd’s overwhelmingly successful first season as men’s basketball coach, UArizona wishes to enter into the First Amended Agreement adjusting his base annual salary and other terms.
- Lloyd was the first UArizona coach to receive multiple national coach of the year honors when he earned AP Coach of the Year, NABC Coach of the Year, and USBWA Coach of the Year honors in only his first year as head coach. He had the most wins by a first-year head coach in conference history, and was second all-time overall for most wins by a first-year head coach in NCAA history.
- Lloyd led the Wildcats to a 33-4 overall record and UArizona became the first team in Pac-12 history to win 18 conference games in a season. UArizona enjoyed a victory over No. 4 Michigan and began the season with a 5-0 record. With this undefeated start, Lloyd became the first coach in Division I history to win his first five games, win by an average of thirty points per game, and beat an AP top-5 team.
- In January 2022, UArizona was ranked No. 3 in the AP poll, which was its first time

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EXECUTIVE SUMMARY

in the top five since the 2017-2018 season. Just a month later, UArizona was ranked No. 2 in the nation.

- UArizona earned the No. 1 seed in the Pac-12 tournament and defeated Stanford, Colorado, and UCLA to win UArizona's eighth conference tournament title overall.
- Not only did Lloyd receive multiple head coaching awards, but his players also excelled. Ben Mathurin, Christian Koloko, Azuolas Tubelis, and Dalen Terry all received a host of national and Pac-12 conference awards. And more recently, Mathurin, Koloko, and Terry have all declared for the NBA draft.
- In light of this success, as well as the individual and team accomplishments, UArizona is seeking approval to amend Lloyd's current contract to increase Lloyd's compensation, to provide him a new five-year contract, and to modify the buyouts by the University or Lloyd in the event of a termination without cause. This modification of financial terms demonstrates Lloyd's and UArizona's commitment to each other and commitment to the success of the men's basketball program.
- Based on due diligence, UArizona is not aware of any issues negatively affecting Lloyd's continued employability, including but not limited to NCAA violations, claims or litigation related to his prior employment as an assistant coach, allegations of wrongdoing, or significant press controversies.

Discussion

Duties, Length, and Compensation/Salary Adjustments

- The proposed First Amended Agreement term will be five years, from April 1, 2022, through March 31, 2027. The first year will be from April 1, 2022, through March 31, 2023. Each successive year will be from April 1 through March 31.
- Lloyds's program duties will continue to be those customarily associated with the head coach of a Division I men's basketball program. This includes, among other items, overseeing all aspects of the Program, supervising the coaches and other employees, and coaching the student-athletes, athletically and academically, all in accordance with applicable University, ABOR, Pac-12, and NCAA policies, rules, and regulations.
- Lloyd's annual compensation from UArizona includes base salary as well as additional duties compensation. These additional duties are related to Lloyd's public facing duties as coach, including engaging in regular interviews with

EXECUTIVE SUMMARY

television, radio, and internet programs, supporting promotional and advertising activities, and other activities that further the interest of the Program and University. The additional duties compensation will remain \$700,000 for each contract year of the First Amended Agreement. Lloyd's base salary will start at \$2.9 million for the first year of the proposed contract, and increase by \$100,000 each year, for a combined compensation amount from UArizona in each year as follows:

- Year 1 - \$3,600,000 (\$2.9 million base salary + \$700,000 addtl. duties)
- Year 2 - \$3,700,000 (\$3.0 million base salary + \$700,000 addtl. duties)
- Year 3 - \$3,800,000 (\$3.1 million base salary + \$700,000 addtl. duties)
- Year 4 - \$3,900,000 (\$3.2 million base salary + \$700,000 addtl. duties)
- Year 5 - \$4,000,000 (\$3.3 million base salary + \$700,000 addtl. duties)

In addition to the amounts above, Lloyd will also receive compensation for arrangements he is expected to enter into with Nike and Learfield, and Lloyd may also earn incentive compensation for certain academic and athletic achievements, as set out below.

- In the event that the NCAA (including the Independent Accountability Resolution Process or IARP) imposes: (a) a post-season ban on the Program, and/or (b) imposes a scholarship reduction penalty of two or more scholarships during any academic year for the Program, and/or (c) imposes any other material restriction upon recruiting visits or recruiting days on the Program (hereinafter "Restriction" or "Restrictions") as sanctions for events occurring wholly prior to Lloyd's employment as coach of the Program, UArizona will request at the next scheduled ABOR meeting after the sanctions are imposed that ABOR approve an extension of Lloyd's Agreement, as follows:
 - By a period of one year if all of the Restrictions are imposed during one or less academic year, with a base salary of \$3,400,000 for that additional year; or
 - By a period of two years if any Restriction is imposed during more than one academic year, with a base salary of \$3,400,000 for the first additional year and a base salary of \$3,500,000 for the second additional year.
 - UArizona will make this request in accordance with ABOR Policy and will not be obligated to make this request if UArizona has suspended Lloyd or is in the process of terminating Lloyd's Agreement with or without cause.

EXECUTIVE SUMMARY

- If one or both years are requested and approved as a result of any NCAA penalties, UArizona's buy out for a termination without cause in either of these years will be 80% of the remaining value of the contract, and Lloyd will be subject to the existing mitigation provisions.
- Lloyd's salary and additional duties compensation will be paid entirely from revenue generated by the Athletics Department. No part of his salary or additional duties compensation will be paid from appropriated funds or donor contributions.

Annual Performance Incentives

- Lloyd may earn annual performance incentives as set forth below if the men's basketball team meets designated academic and athletic performance thresholds. Payments are for the highest-ranked achievement in each category and are not cumulative to any lower-ranked achievements, unless specifically noted otherwise.
- The Agreement will require that Lloyd return sums earned as performance incentives for any accomplishments that are subsequently lost, vacated, or diminished due to NCAA infractions or violations of other binding rules or other penalties, whether self-imposed by UArizona or imposed by the conference or the NCAA.

I. **Academic Performance Incentives**

The following academic metrics will be measured annually, and progressive and sustained success (i.e., continual improvement) will be incentivized:

Cumulative Grade Point Average (CGPA):

Lloyd may receive one-time compensation on an annual basis for CGPA achievements. Lloyd will be incentivized to achieve at or above the average grade point average for all UArizona male non-student athletes, which was 3.06 for the 2020-2021 academic year. Therefore, Lloyd should be working toward team grade point averages that are at or above average University grade point averages. (Men's Basketball CGPA for the most recent academic year available was 2.32.)

CGPA

BONUS

EXECUTIVE SUMMARY

(highest amount only)

3.00 – 3.29 (no rounding)	\$125,000
3.30 – 3.68 (no rounding)	\$175,000
3.69 or above	\$200,000

Multi-Year Academic Progress Rate (MYAPR)

Lloyd may receive one-time compensation on an annual basis for MYAPR team achievements (Men’s Basketball MYAPR for 2020-2021 was 990).

<u>MYAPR</u>	<u>BONUS</u> (highest amount only)
971 or above (no rounding) *	\$25,000
1000 (no rounding)	\$50,000

* MYAPR bonus methodology: This threshold was derived by using the most recent MYAPR average available for all Pac-12 Men’s Basketball.

II. Athletic Performance Incentives

Lloyd may receive additional one-time compensation on an annual basis for the following athletic performance team achievements in a given year:

- Pac-12 Conference Regular Season Champion
\$50,000
 - Pac-12 Conference Tournament Champion
\$50,000
 - NCAA Tournament (cumulative)
 - National Champion
\$500,000
 - Final Four Appearance
\$175,000
 - Elite Eight Appearance
\$50,000
 - Sweet Sixteen Appearance
\$50,000
 - Round of 32 Appearance
\$25,000
- Final AP or USA Today Coaches Poll Ranking (highest amount only)

EXECUTIVE SUMMARY

Within the Top Ten (1 st – 10 th)	\$30,000
11 th through 15 th	\$20,000
• Regular Season Victories (excludes exhibition and post-season games) (highest amount only)	
25 or more	\$40,000
20 to 24	\$20,000
• Coach of the Year (highest amount only)	
• Recognition as Pac-12 Coach of the Year	\$20,000
• Recognition as National Coach of the Year by one of AP, National Association of Basketball Coaches, or the Atlanta Tipoff Club (Naismith)	\$40,000

Other Provisions

- Lloyd will receive all employee-related benefits normally available to UArizona employees. He will receive additional benefits as well, including tickets to UArizona sporting events, use of one automobile or a stipend, and an opportunity to have guests during road trips and during post-season men's basketball tournament appearances with prior Athletic Director approval.
- There is no UArizona buyout related to Lloyd's previous employment.
- Lloyd will have the right to operate private youth basketball camps and clinics on the campus of UArizona, subject to a separate agreement between UArizona and Lloyd for the use of UArizona facilities and/or marks. Lloyd will own all rights to the camps and will be responsible for all aspects of the camps, including payment and expenses/liabilities of the camps.
- Lloyd may enter into personal service agreements with other parties to provide services not reserved to UArizona within the Agreement, subject to UArizona approvals and compliance with applicable UArizona, NCAA, Pac-12, and ABOR policies. Lloyd has or will enter into contracts with Learfield IMG (or its parent or affiliate company) and Nike, Inc.

EXECUTIVE SUMMARY

- To the extent required by NCAA and Pac-12 Conference regulations or UArizona policy, Lloyd must disclose all athletics-related outside income to the Athletic Director, UArizona, and ABOR annually.
- For a period of one year after termination of the Agreement by Coach, Lloyd will be subject to a covenant not to compete that prevents him from accepting employment as a head coach, assistant coach, or consultant with any Pac-12 institution.
- The Agreement may be terminated for cause, in which case UArizona will be liable only for Lloyd's salary, additional duties compensation, and incentive payments earned as of the date of termination. Bases for termination for cause will include provisions relating to inability to perform job duties; dishonesty; substantial neglect of program duties or personal conduct that impairs the ability to serve as head coach; failure to cooperate in investigations; any NCAA Level I penalty imposed on the Program for such a violation occurring during Lloyd's employment; provisions relating to violations of certain laws, NCAA and Conference rules and regulations, and ABOR and UArizona policies and rules; and provisions relating to the failure to maintain high levels of integrity, honesty, moral character, professionalism, and dedication to UArizona and its student athletes.
- Additionally, if Lloyd violates NCAA or Pac-12 Conference regulations, he would be liable to pay UArizona \$200,000 as liquidated damages and would be required to return sums earned as performance incentives for any victories, championships, or other accomplishments forfeited, vacated, or diminished due to such violations.
- If UArizona terminates the First Amended Agreement without cause, UArizona will pay Lloyd a severance benefit calculated as follows: one hundred percent (100%) of the remainder of the value of the First Amended Agreement (Lloyd's base salary plus additional duties compensation) through the length of the term of the Agreement, except, however, for any additional year added as a result of NCAA penalties, in which case UArizona's obligation will be only 80% (as set out above). The severance benefit amount will be offset by any and all amounts Lloyd receives if he is employed or working at any other university or professional team as a coach, assistant coach, scout, analyst, recruiter, athletic director or similar title or working in a media capacity, at any time during the First Amended Agreement term. Lloyd will have a reasonable duty to mitigate by seeking employment following such a termination.

EXECUTIVE SUMMARY

- The First Amended Agreement may be terminated by Lloyd without cause. In that event, Lloyd will pay to UArizona liquidated damages based on the time remaining in the Agreement, calculated as follows: \$12,000,000 if terminated in Year 1; \$12,000,000 if terminated in Year 2; \$6,000,000 if terminated in Year 3; \$2,000,000 if terminated in Year 4; \$2,000,000 if terminated in Year 5. If there is an extension of the contract for an additional one or two years as a result of the NCAA penalties provision, the liquidated damages paid by Lloyd to UArizona will be \$2,000,000 in the event of termination of the First Amended Agreement by Lloyd without cause.
- All other terms of the Agreement will remain the same in the First Amended Agreement.

Statutory/Policy Requirements

- ABOR Policy 6-910 requires board approval of multiple-year employment contracts for head basketball coaches.
- ABOR Policy 6-1001 provides the requirements for multiple-year appointments of head coaches.

Committee Review and Recommendation

The Finance, Capital and Resources Committee discussed this item in Executive Session at its May 26, 2022 meeting.

EXECUTIVE SUMMARY

Item Name: **Report on the Academic Affairs and Educational Attainment Committee Meeting**

Action Item

Requested Action: The board will receive a report on the May 26, 2022 Academic Affairs and Educational Attainment Committee Meeting.

Discussion

There are no written materials for this item.

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EXECUTIVE SUMMARY

Item Name: Report on the Audit Committee Meeting

Action Item

Requested Action: The board will receive a report on the May 26, 2022, Audit Committee meeting.

Discussion

There are no written materials for this item.

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EXECUTIVE SUMMARY

Item Name: Northern Arizona University's Revised Mission and Strategic Plan NAU 2025 – Elevating Excellence

Action Item

Requested Action: Northern Arizona University asks the board to receive NAU 2025 – Elevating Excellence, NAU's revised strategic plan, and adopt NAU's revised mission.

Background

NAU's previous Strategic Plan was adopted by ABOR in September 2018 as part of the NAU Operational and Financial Review. During the Presidential Search process in 2020-2021, ABOR prioritized a leadership profile that would re-envision NAU's institutional mission and vision, which would be rearticulated with shared input from the university community in a new strategic plan – and that effort would be a core goal of year-one of the 17th Presidency.

Discussion

In AY2021-2022, under the leadership of NAU's 17th president, NAU engaged in a comprehensive process to update its guiding strategic document, informed by the university's legacy of excellence, its identity in Flagstaff and throughout the state, the aspirations of its community, the need for a distinctive mission in the Arizona higher education ecosystem, and the strategic context facing higher education throughout the nation. The process was directed by the Strategic Roadmap Steering Committee, a group of university leaders who coordinated efforts and convened seven working groups around strategic priority areas for the university. Each working group was composed of a lead facilitator, a student, a faculty member, a staff member, and a designee/subject matter expert appointed by the lead. Consistent with a commitment to nurture a collaborative approach based on trust and transparency, NAU engaged internal and external constituents in an accelerated but comprehensive engagement process that consisted of the following elements:

- Robust and frequent communications shared via university-wide email and posted on the NAU Strategic Roadmap portal;
- Three (3) phases of engagement on the Strategic Roadmap draft document, with each being iteratively edited and refined by the working groups and Steering Committee based on input from the university community. Engagement consisted of email, survey, public listening sessions, meetings, and crowdsourcing. More than 10,000 points of feedback were received;

Contact Information:

K. Laurie Dickson, NAU

laurie.dickson@nau.edu

928-523-1829

EXECUTIVE SUMMARY

- Engagement with external stakeholders in Spring 2022 on the refined Draft #3 of the Strategic Roadmap, including with Regents, members of the NAU Foundation and Alumni Association Boards, and others; and
- The University Advisory Board reviewed and endorsed NAU 2025 – Elevating Excellence on May 2, 2022, advancing the strategic plan to a motion to adopt by the Arizona Board of Regents in June.

Presented here today, NAU 2025 – Elevating Excellence is a three-year strategic plan designed to accelerate NAU's work in advancing equitable postsecondary value through a bold and clearly defined vision for the university's future. The timeframe is structured such that the strategic plan can evolve iteratively in short cycles, with ongoing phases of visioning, implementation, assessment, and revisioning to keep our university on track, engaged, and energized to deliver upon our mission, while remaining flexible to the evolving strategic context in which we operate.

The strategic plan contains The New NAU Charter with revised mission and vision statements and an institutional commitment statement. It outlines NAU's seven Strategic Priorities that touch on all dimensions of the university's work and mission and enumerates 29 components that compose the priority areas. The Strategic Priorities are as follows: Academic Excellence; Student Success; Commitment to Indigenous Peoples; Impactful Scholarship; Mission-Driven and Diverse Faculty and Staff; Community Engagement; and Sustainable Stewardship of Resources

President Cruz Rivera will make a presentation and engage in a strategic discussion with the board. He will describe the comprehensive development and engagement process, highlight NAU's strategic priorities, and preview some initiatives that will be pursued in the coming years to advance this work and position NAU to deliver on its mission in a sustainable and impactful manner.

The image features a dark blue-tinted aerial view of the Northern Arizona University campus, with mountains in the background. A yellow banner in the top left corner contains the university's logo. A white outline of the state of Arizona is overlaid on the image, with the main text centered within it.

NAU
NORTHERN
ARIZONA
UNIVERSITY

NAU 2025

**ELEVATING
EXCELLENCE:**

A Bold and Boundless
Future for All



OFFICE OF THE PRESIDENT Dr. José Luis Cruz Rivera

I am pleased to present **NAU 2025 – Elevating Excellence**, Northern Arizona University's roadmap for delivering a bold and boundless future for all. The strategic priorities described herein represent a robust synthesis of the NAU community's thoughtful engagement and bold aspirations for the future, and it reflects the evolving challenges and opportunities that we face as an engaged public institution of higher education. To equitably serve students and communities from all backgrounds, identities, and lived experiences, our commitment to diversity, equity, inclusion, and justice is infused throughout this guiding document. We will capitalize on NAU's 122-year history of distinctive excellence as an engine of opportunity to drive social impact and economic mobility for the people of Arizona and beyond.

In partnership,

A handwritten signature in blue ink, appearing to read "JLCR".

José Luis Cruz Rivera, PhD
President



The New NAU Charter

Vision

NAU aims to be the nation's preeminent engine of opportunity, vehicle of economic mobility, and driver of social impact by delivering equitable postsecondary value in Arizona and beyond.

Mission

NAU transforms lives and enriches communities through high-quality academics and impactful scholarship, creative endeavors, and public service.

Commitment

NAU will educate, support, and empower students from all backgrounds, identities, and lived experiences to reach their full potential and contribute to a more just, equitable, inclusive, prosperous, and sustainable future.



Strategic Priority

Academic Excellence

NAU's high-quality academic programs, general studies curriculum, and the teaching excellence of our faculty will foster students' knowledge and competencies necessary for professional success, informed civic engagement, global citizenship, lifelong learning, and the promotion of a more just and sustainable future.

Components

- NAU will **position our students for postgraduation success** by offering a broad portfolio of high-quality academic programs with learning outcomes and perspectives that are responsive to the workforce and social needs of Arizona and beyond.
- NAU students will **participate in high-impact learning opportunities** that promote academic excellence, build mentorship relationships, and prepare them for career and life success as Lumberjack alumni.
- NAU will **offer faculty and staff professional growth opportunities** designed to enhance teaching excellence and foster learning environments that support the success of all students.





Strategic Priority

Student Success

Grounded in a student-centered institutional culture of care, NAU will provide accessible and affordable educational opportunities, with tailored support services that enable students to complete their academic credentials and realize transformative outcomes from their collegiate experience.

Components

- NAU will **broaden access to more Arizonans** by providing equitable, affordable, and seamless pathways to higher education, resulting in a student population that reflects the State and complements our exceptional out-of-state and international student populations.
- NAU will **increase enrollment statewide and in online programs** to better serve students wherever they live and learn.
- NAU will **improve retention rates and increase educational attainment** using effective approaches that are tailored to student needs and focused on **closing gaps in retention and completion** across student populations.
- NAU will **improve student momentum and postgraduation success** by supporting students' economic, physical, and mental well-being; fostering a strong sense of belonging at NAU; and providing robust support for academic success, leadership development, and career preparation.



Strategic Priority

Commitment to Indigenous Peoples

In recognition of the unique sovereign status of Native Nations and the sacred land on which the university was built, NAU will continue its intentional support for Indigenous students, faculty, and staff; develop university-wide culturally responsive educational opportunities and programming; and build mutually beneficial partnerships with Indigenous communities that will position NAU as the nation's leading university serving Indigenous Peoples.

Components

- Through Indigenous Peoples-focused coursework and programming, NAU students and employees will **gain knowledge and understanding of the sovereignty of Indigenous Nations and Indigenous Peoples'** cultures, arts, contributions, self-determination, and traditional ways of knowing.
- NAU's enhanced strategies will **support enrollment, retention, and educational attainment** of Native American and other Indigenous students through community-based pre-college pathways and recruitment, culturally responsive programming and pedagogy, and dedicated campus environments that support the success of Indigenous students.
- NAU will **promote and support Indigenous community-driven research, scholarship, and creative activities** across disciplines.
- NAU will exercise best practices to equitably **recruit, retain, and support Indigenous faculty and staff** throughout the institution.
- In partnership with Native Nations and local communities, NAU will **support mutually beneficial community-driven partnerships, engagement, and service.**



Strategic Priority

Impactful Scholarship

NAU's teacher-scholars will engage in impactful research, scholarship, and creative activities to provide transformative learning opportunities, engage our diverse students and communities, advance disciplinary and interdisciplinary knowledge, and contribute to solving problems of regional, national, and global relevance.

Components

- NAU will leverage the teacher-scholar model to **increase the number and diversity of students engaged in mentored research, scholarship, and creative activities** by broadening access to transformative learning opportunities.
- In partnership with local and regional communities, NAU will **engage in research and service activities** that promote and enhance quality of life, community engagement, and economic opportunity.
- NAU's areas of distinctive and emerging excellence in research will **advance knowledge and innovation to help solve issues of regional, national, and global relevance.**
- NAU will **support and recognize excellence in research, scholarship, and creative activities** that contribute to disciplinary and interdisciplinary knowledge, with a focus on contributions that advance the university's mission.



Strategic Priority

Mission-Driven and Diverse Faculty and Staff

NAU will implement employment practices to support the recruitment, retention, development, and promotion of a highly qualified, mission-driven, diverse workforce. NAU's commitment to individuals from all racial, ethnic, cultural, and socioeconomic backgrounds, national origins, disabilities, age, veteran status, religious or political beliefs, sexual orientations, gender identities and expression, and lived experiences strengthens our institutional workforce culture that incorporates diversity, equity, inclusion, and justice in the pursuit of excellence and the promotion of student success.

Components

- NAU will **develop and implement equitable policies and practices** to enhance the recruitment, retention, professional development, and evaluation of highly qualified, mission-driven faculty and staff with diverse academic pursuits, experiences, and talents that support, enhance, and connect with the diversity of our student community.
- NAU will **support faculty and staff economic, physical, and mental well-being** to foster a healthy and fulfilled workforce and a mission-driven workplace.
- NAU will **foster a culture of shared responsibility** for diversity, equity, inclusion, and justice-centered institutional practices to support our community in pursuit of excellence.
- NAU will **promote student success** with mission-driven faculty and staff collectively supporting the needs of all students through meaningful relationships and experiences, tailored support, accessible environments, and pedagogical excellence.



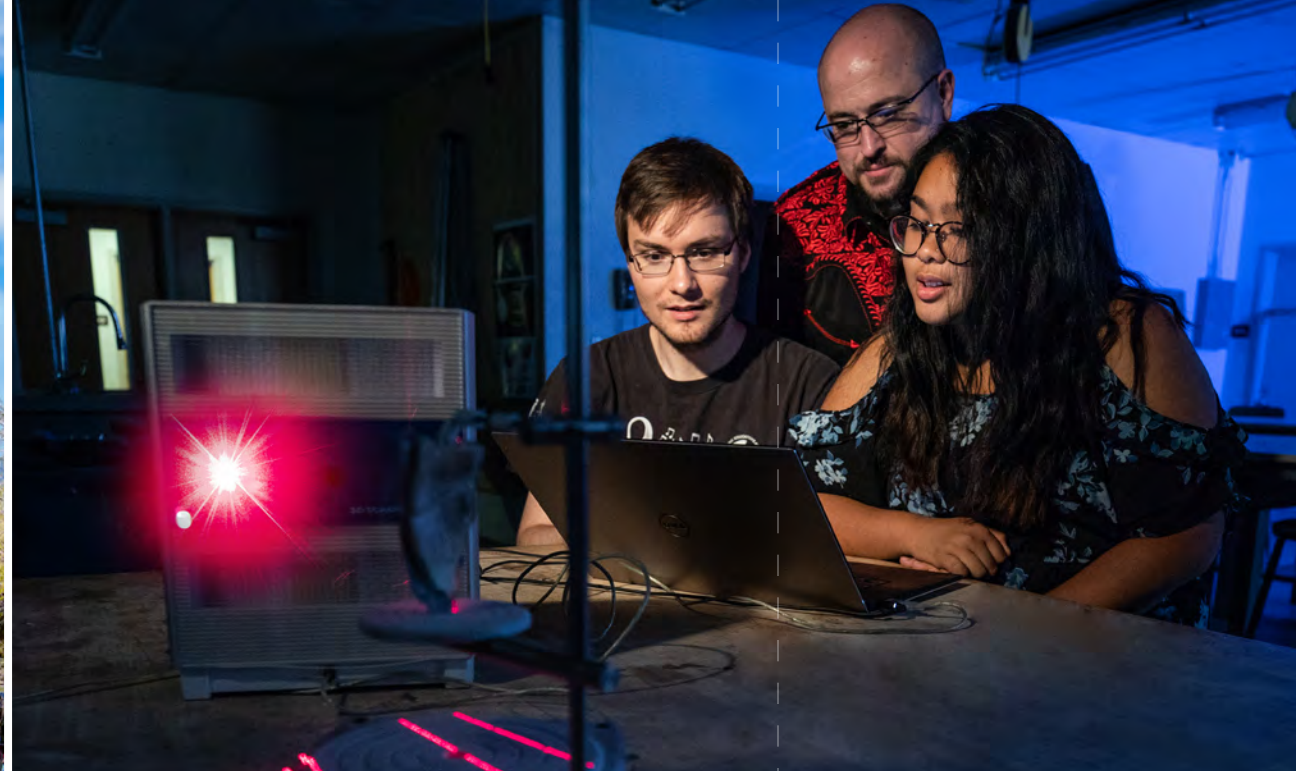
Strategic Priority

Community Engagement

NAU will engage locally, regionally, and globally with public and private partners to foster mutually beneficial relationships that enhance our students' educational experiences, contribute to broad social impact, and increase individual, communal, cultural, and economic vitality.

Components

- NAU will **enhance and celebrate its culture of community engagement** by building new and expanding existing mutually beneficial partnerships to promote civic responsibility, contribute to the public good, and advance knowledge and service throughout Arizona and beyond.
- NAU's academic programs, public service, applied research, and scholarly contributions will **have a beneficial economic and social impact in communities** across Arizona and beyond.
- NAU will **build a robust statewide network** for internships, teaching practicums, and clinical placements that prepare students for the workforce and support Arizona's businesses and communities.
- NAU will **increase and enhance alumni engagement and service**, facilitate opportunities for alumni leadership, and foster meaningful connections between alumni and students.
- NAU's Flagstaff campus will **serve as a regional cultural hub** through its rich arts and cultural experiences, athletic events, and scientific and technological activities to enhance community engagement and economic opportunity.



Strategic Priority

Sustainable Stewardship of Resources

NAU will effectively utilize our physical, technological, and financial resources in support of our vision and mission, with a commitment to the responsible use of environmental resources, innovative use of technology, and mission-driven financial investments and philanthropic activity.

Components

- NAU will **develop and implement a Sustainable Smart Campus Master Plan** that effectively reimagines how we utilize and continually improve our physical resources to optimally deliver all aspects of our mission within the context of our New NAU Workplace initiatives, a commitment to safety, and ongoing prioritization of exceptional student learning, service, and support.
- NAU will **develop and implement a Climate Action Plan** that responsibly achieves carbon neutral operations by 2030 and provides educational, research, and community engagement opportunities for our students, faculty, and staff.
- NAU will create an exceptional working and learning environment by **providing advanced technological infrastructure and service** to propel institutional advancement.
- NAU will **diversify revenue streams** to accelerate institutional priorities by advocating for public investments, partnering with public and private organizations, expanding our relationship with the NAU Foundation and other philanthropic organizations, and pursuing grants, contracts, and additional revenue streams.



Strategic Roadmap Facilitators

Strategic Roadmap Core Team Facilitators

Laurie Dickson
Margot Saltonstall
Julie Mueller
Brian Register

Academic Excellence

Karen Pugliesi
Theresa Agube
Kevin Trainor
Melissa Armstrong
Kevin Gustafson

Student Success

Anika Olsen
Tyler Best
Rebecca Maniglia
Marcela Pino Alcaraz
Wendy Bruun

Commitment to Indigenous Peoples

Ann Marie Chischilly
Maree Mahkewa
Joseph Martin
Ora Marek-Martinez
Alisse Ali-Joseph

Impactful Scholarship

Jason Wilder
Cristina Baciu
Heather Williamson
Dawn Birdsell
Jennifer Martinez

Mission-Driven and Diverse Faculty and Staff

Gabriel Montaña
Jessica Watson
Sanjam Ahluwalia
Lauren Copeland-Glenn
Josh Mackey

Community Engagement

Christy Farley
Demitri Eaquinto-Marston
Kathleen McGeever
Chrissy Speer
Josh Maher

Sustainable Stewardship of Resources

Bjorn Flugstad
Joseph Whitney
Mark Salvatore
Megan Cunningham
Becky McGaugh

NORTHERN ARIZONA UNIVERSITY

Founded in 1899, Northern Arizona University is a higher-research institution providing exceptional educational opportunities and outcomes in Arizona and beyond. NAU delivers a student-centered experience to its nearly 30,000 students in Flagstaff, statewide, and online through rigorous academic programs in a supportive, inclusive, and diverse environment. As a community-engaged engine of opportunity, NAU powers social impact and economic mobility for the students and communities it serves. The university's longstanding history of educating and partnering with diverse students and communities throughout Arizona is enhanced by its recent designation as a Hispanic-Serving Institution (HSI). Dedicated, world-renowned faculty and staff help ensure students achieve academic excellence, experience personal growth, have meaningful research and experiential learning opportunities, and are positioned for personal and professional success. Located on the Colorado Plateau, in one of the highest-ranked college towns in the country, the NAU Flagstaff Mountain Campus is truly a jewel of the Southwest.

Land Acknowledgement

Northern Arizona University's Flagstaff Mountain Campus sits at the base of the San Francisco Peaks, on homelands sacred to Native Americans throughout the region. We honor their past, present, and future generations, who have lived here for millennia and will forever call this place home.

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Adoption of Minutes

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DRAFT
ARIZONA BOARD OF REGENTS
Minutes of a Regular Meeting
April 6-8, 2022

A meeting of the Arizona Board of Regents was held on Wednesday, April 6, Thursday, April 7 and Friday, April 8, 2022, at the University of Arizona Student Union Memorial Center, 1303 E. University Blvd., Tucson, AZ 86719.

Wednesday, April 6, 2022

Members present: Regent Manson, Regent DuVal, Regent Mata, Regent Penley, Regent Shoopman, Regent Ridenour, Regent Pacheco, Regent Dave and Regent Kanyur

Members absent: Regent Herbold, Superintendent Hoffman and Governor Ducey

Also present from the board office Executive Director John Arnold, Jennie Pollock, Samantha Blevins, Tom Merriam, Rachel Malefors and Suzanne Templin

All lists, reports, summaries, background material and other documents referred to in the minutes can be found in the April 6-8, 2022, Document File and the board's website at www.azregents.edu.

CALL TO ORDER

Regent Manson called the meeting to order at 5:30 p.m.

Upon motion by Regent Pacheco, seconded by Regent Mata, the board approved convening in executive session. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

RECESS

The board recessed public session at 5:32 p.m.

EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.03(A), the board convened in executive session at 5:32 p.m. in the Tucson Room to discuss items identified on the executive session agenda.

RECESS

The board recessed executive session at 7:14 p.m.

Thursday, April 7, 2022

Members present: Regent Manson, Regent DuVal, Regent Mata, Regent Penley, Regent Shoopman, Regent Ridenour, Regent Pacheco, Regent Dave and Regent Kanyur

Members absent: Regent Herbold, Superintendent Hoffman and Governor Ducey

Also present from the board office: Executive Director John Arnold, Jennie Pollock, Samantha Blevins, Kevin Smith and Suzanne Templin; from Arizona State University: President Michael Crow, Christine Wilkinson, and José Cárdenas; from Northern Arizona University: President José Luis Cruz Rivera, Laurie Dickson and Michelle Parker; and from the University of Arizona President Robert Robbins, Jon Dudas and Art Lee.

RECONVENE EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.03(A), the board reconvened in executive session at 9:00 a.m. in the Tucson Room to discuss items identified on the executive session agenda.

RECESS

The board recessed executive session at 12:40 p.m.

RESUME PUBLIC MEETING, GREETINGS AND ANNOUNCEMENTS FROM THE BOARD CHAIR

Members present: Regent Manson, Regent DuVal, Regent Mata, Regent Penley, Regent Shoopman, Regent Ridenour, Regent Pacheco, Regent Dave and Regent Kanyur

Members absent: Regent Herbold, Superintendent Hoffman and Governor Ducey

Also present from the board office: Executive Director John Arnold, Jennie Pollock, Samantha Blevins, Kevin Smith, Chad Sampson, Lorenzo Martinez, Sarah Harper, Julie Newberg, Page Gonzales, Larry Sandigo, Tom Merriam, Rachel Malefors and Suzanne Templin; from Arizona State University: President Michael Crow, Christine Wilkinson, José Cárdenas, Nancy Gonzales and Christian Osmena; from Northern Arizona University: President José Luis Cruz Rivera, Laurie Dickson, Karen Pugliesi, Michelle Parker, Bjorn Flugstad, Mike Marlow and Catheryn Ellis; and from the University of Arizona President Robert Robbins; Jon Dudas, Art Lee, Liesl Folks, Kody Kelleher, Lisa Rulney, Steve Voeller, Dave Heeke and Veronica Castro

Regent Manson reconvened public session at 1:15 p.m. and Regent Dave lead the Pledge of Allegiance. Regent Manson welcomed and thanked the new regent designees Gregg Brewster and Doug Goodyear for attending the meeting. Regent Manson announced that the upcoming 2022 Regents' Cup is only a few weeks away. The Regents' Cup is a signature event that celebrates free speech and civil discourse at Arizona's public universities through a

student debate tournament. Student teams from the three universities have been hard at work this semester honing their debate and storytelling skills. This year, the students are preparing to debate and discuss issues related to the preservation of democracy. Students will be judged by an outstanding slate of local and national judges and will compete for scholarships funded by generous sponsors who believe in this important issue. The competition will be held on April 29-30 at Northern Arizona University. Regent Manson thanked the sponsors for supporting the event and Regent Penley who will be serving as the advisor for the Regents' Cup this year. The heart and soul of the Regents' Cup is the students and thanked them for their participation. The students competing were asked to provide videos of what free speech means to them that will be shared later in the meeting. Regent Manson thanked President Robbins and his staff for hosting the April board meeting.

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 on matters of board governance to the entire board in a public setting.

The board received public comments from the following individual(s):

- Laurel Stempak – ASNAU, spoke about the student wage increase and how NAU students are hindered by financial challenges, increasing tuition rates and the decrease in state appropriated revenue and thanked President Cruz and NAU leadership for increasing the student wage from \$12.15 to \$14.50 an hour, effective July 1, 2022.
- Maria Machelor – ASNAU, spoke about the basic needs of female students to access menstrual products and shared that 14 dispensers and products have been placed in high traffic areas and an additional 184 dispensers are planned to be installed in 75 buildings across campus.
- Tyler Best – ASNAU, spoke about student fees and transparency and shared that students would be in favor of increased fees as long as they explicitly see the correlation between the money and the programs and things on campus that benefit the student experience. Mr. Best further spoke about the emphasis President Cruz Rivera has placed on institutional transparency to create a truly student-centered university that was upheld when President Cruz Rivera released a full budget breakdown of the new increases in tuition. ASMU officially supports the president's proposed tuition and fee increases.
- Noah Vega – ASUA, spoke about the basic needs issues on campuses and how ASUA has tried to mediate and help students and he understands the need for a mandatory meal plan but expressed his concern on the process and the need for more transparency, oversight and insurance that students are being asked for their input. Mr. Vega cited an example of the \$60 SSF fee being changed to \$135 with no student input or notice of the change. Mr. Vega further shared that UArizona administration does want the best for students and works very hard to reach out to the students.

- Dr. Leila Hudson – University of Arizona, spoke about concerns regarding the University of Arizona Global Campus (UAGC) related to:
 - Loss of the GI Bill funding for veteran students;
 - The board’s public discussion on the UAGC deal;
 - Public deliberation on the indemnification of the University of Arizona Foundation;
 - UAGC becoming a full branch campus of the University of Arizona; and
 - Discussion with failing companies – Zovio, as a possible replacement for UArizona’s online course delivery program.
- Jack Haskins – ASUA, spoke about the mandatory meal plans, serving on the student union advisory board and the importance of having properly funded student unions and felt heard in respects to reforms of the unions creating accessibility, healthy social and environmentally sustainable student unions. Mr. Haskins further promotes Mr. Vega’s comments on increasing transparency.
- Nataly Reed – University of Arizona Faculty, spoke about opposition of the proposed tuition and fee increases and shared her perspective from the classroom that her students are anxious, burdened, looking for ways to stay in school and have enough money to survive.
- Brandon Neth – Graduate and Professional Student Council, UArizona, spoke on behalf of his constituents to encourage the board to not increase tuition and fees.
- Sandra Soto – Faculty at the University of Arizona, urged the board to not raise fees at any of the universities and reminded the board of the housing and food insecurities in the state.
- Samuel Dave Jesse – Biosystems Engineering, Graduate Student, spoke about the proposed raise in tuition and fees is not in the best interest of students, staff or faculty and urged the tuition be reduced, graduate assistantships should be granted for all graduate students and wages for those positions be increased.

ADOPTION OF CONSENT AGENDA ACTION ITEMS AND ACCEPTANCE OF CONSENT INFORMATION ITEMS

All items on the Consent Agenda are marked with an asterisk (*) are consent matters. Regent Manson asked the board members if they had any conflicts to declare. No conflicts were declared.

Regent Manson removed item 16 – Request for Approval of Online Metric Targets for Arizona’s Public Universities from the consent agenda and asked that the item be tabled until the May/June meeting cycle.

Upon motion by Regent Manson, seconded by Regent Penley the board approved items 14, 15 and 17-34 as listed on the consent agenda. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

CONSENT AGENDA***Minutes (Item 14)**

The board approved public and executive session minutes from (a) November 17-19, 2021 Executive Session, (b) December 17, 2021 Special Executive Session, (c) January 27, 2022 Special Board Meeting, (d) February 10-11, 2022 Regular Board Meeting, (e) March 7, 2022 Special Board Meeting, (f) March 14, 2022 Special Board Meeting.

ACADEMIC AFFAIRS AND EDUCATIONAL ATTAINMENT COMMITTEE***Request to Establish New General Education Program for Arizona State University (Item 15)**

The board approved Arizona State University's proposed General Education Program.

***Request for Approval of Online Metric Targets for Arizona's Public Universities (Item 16)**

The board removed and tabled the proposed Metric Targets for online student continuation and persistence adopted by the board as the "Online Attrition Rate" metric.

***Request for Approval of Arizona State University's Institutional University Metric Targets (Item 17)**

The board approved the proposed Institutional University Metric Targets for Arizona State University.

***Request for New Academic Organizational Units for Northern Arizona University (Item 18)**

The board approved the request to establish a departmental structure in the business division of the W.A. Franke College of Business (FCB) for Northern Arizona University.

***Request for Credit Exceptions for Northern Arizona University (Item 19)**

The board approved the requests for credit exceptions for Northern Arizona University (NAU).

***Request for New Academic Program for the University of Arizona (Item 20)**

The board approved the new academic program request for the University of Arizona (UArizona).

***Request for Credit Exception for the University of Arizona (Item 21)**

The board approved the request for a credit exception for University of Arizona (UArizona).

***New Academic Program Requests for the University of Arizona – Allied Health (Item 22)**

The board approved the new Allied Health academic program requests for allied health programs delivered in Southern Arizona for the University of Arizona.

FINANCE, CAPITAL AND RESOURCES COMMITTEE***Sunset Review of Fees for CY 2021 (ASU) (Item 23)**

The board approved Arizona State University's sunset review of fees for CY 2021.

***Sunset Review of Fees for CY 2021 (NAU) (Item 24)**

The board approved Northern Arizona University's sunset review of fees for CY 2021.

***Sunset Review of Fees for CY 2021 (UArizona) (Item 25)**

The board approve the University of Arizona's sunset review of fees for CY 2021.

***Proposed Revisions to ABOR Policies Chapter 7 “Buildings, Infrastructure and Land,” 3-411 “Annual Report on Debt Capacity,” 3-501 “Issuance of Debt and Financing,” and 3-804 “Professional Services and Construction Services Procurement” and Repeal of Chapter 7 Policies (First Reading) (Item 26)**

The board considered on first reading the proposed revisions to ABOR policies Chapter 7 “Buildings, Infrastructure and Land,” 3-411 “Annual Report on Debt Capacity,” 3-501 “Issuance of Debt and Financing,” 3-804 “Professional Services and Construction Services Procurement” and the repeal of Chapter 7 policies.

***Sublease Between the University of Arizona and University of Arizona Applied Research Corporation in The Refinery at the UA Tech Park at The Bridges (Item 27)**

The board approved a 5-year sublease with three subsequent 5-year renewals between UArizona and the University of Arizona Applied Research Corporation (UA-ARC) for approximately 15,000 square feet in The Refinery at the UA Tech Park at The Bridges for the University of Arizona's.

***Consideration and Acceptance of Each University's Share of the Assets and Liabilities under the Public Safety Personnel Retirement System (Item 28)**

The board considered and accepted each university's share of the assets and liabilities under the Public Safety Personnel Retirement System (PSPRS) based on PSPRS' June 30, 2021 actuarial valuation reports for each university.

***Cash Balance Pension Plan (Item 29)**

The board approved the seventh amendment to the Cash Balance Pension Plan.

RESEARCH AND HEALTH SCIENCES COMMITTEE

***Approval of Regents' Grants Proposal #1 – Better Predictive Method to Establish the Independent and Reasonably Controllable Variables Influencing Ozone in Arizona (Item 30)**

The board approved the Regents' Grants Proposal for a Better Predictive Method to Establish the Independent and Reasonably Controllable Variables Influencing Ozone in Arizona.

***Approval of Regents' Grants Proposal #2 – Arizona's Need for a Cost-Effective Solution to Identify an Optimal Fallow Field Plan that Minimizes the Health Impact of Wind-Blown Dust (PM10) and Valley Fever (Item 31)**

The board approved the Regents' Grants Proposal for Arizona's Need for a Cost-Effective Solution to Identify an Optimal Fallow Field Plan that Minimizes the Health Impact of Wind-Blown Dust (PM10) and Valley Fever.

***Approval of Regents' Grants Proposal #3 – Arizona's Need for a Cost-effective Technology to Remediate PFAS ("Forever Chemicals") Contaminated Water (Item 32)**

The board approved the Regents' Grants Proposal for Arizona's Need for a Cost-effective Technology to Remediate PFAS ("Forever Chemicals") Contaminated Water.

***Approval of Regents' Grants Proposal #4 – Arizona's Need of a Comprehensive Assessment Identifying Potentially Hazardous Abandoned Mine Features Impacting Surface and Groundwater (Item 33)**

The board approved the Regents' Grants Proposal for Arizona's Need of a Comprehensive Assessment Identifying Potentially Hazardous Abandoned Mine Features Impacting Surface and Groundwater.

***Approval of Regents' Grants Proposal #5 – An Economic Feasibility Study to Manage Recycling by Municipality Size with Detailed Recycling Options for Arizona and Highlight Pros and Cons for Each Community Size (Item 34)**

The board approved the Regents' Grants Proposal for An Economic Feasibility Study to Manage Recycling by Municipality Size with Detailed Recycling Options for Arizona and Highlight Pros and Cons for Each Community Size.

FINANCE, CAPITAL AND RESOURCES COMMITTEE

Report on the Finance, Capital and Resources Committee (Item 1)

Regent Mata presented a report on the Finance, Capital and Resources Committee. The committee reviewed and discussed each university's tuition and fee proposals, which will be the next action item on the agenda. The committee also discussed the following items, which were voted on as part of the consent agenda:

- Annual sunset fee reviews: each university made progress on their individual multi-year plans to review all existing fees;
- First reading of proposed revisions to capital policies: Capital policies have been consolidated and streamlined to make the capital development process easier to understand. We do anticipate additional changes when the revisions are submitted for second reading and final approval at our next cycle of meetings.
- University of Arizona sublease at The Bridges Tech Park: The University of Arizona will be subleasing its 15,000 square feet of research space to the UA Applied Research Corporation at the new development at The Bridges Tech Park known as The Refinery;
- Assets and liabilities of the Public Safety Personnel Retirement System: Each university has unfunded liabilities in the Public Safety Personnel Retirement System. The Governor's state budget proposal includes funding to cover these liabilities. If the final state budget does not include this funding, each university will go forward with its individual plan to cover the unfunded liability by the year 2036 as required by state statute; and
- Cash balance pension plan amendment: The cash balance pension plan will be updated to reflect recent changes to university president and board executive director contract, and align the plan with recent IRS changes.

The committee also reviewed an amendment to the employment agreement for the University of Arizona Vice President and Director of Athletics. This is up for board action in Item #4 on today's agenda. While not part of the agenda for the committee meeting, Arizona State University and Northern Arizona University have also submitted employment agreements. These are Items #3 and #5 on today's agenda.

Setting Base Tuition and Mandatory Fees, Differential Tuition and Program Fees, Class Fees and other academic fees, and Residence Housing and Meal Plans for the 2022-2023 Academic Year (Item 2)

Executive Director Arnold shared slides and presented some context on the tuition setting process and provided a review of the relationship at the state and how it has changed over

the last several years and the current status of the relationship today. In many ways the universities have been decoupled from the state. The state provided operational dollars for the universities during the great recession that the system largely needed. The relationship now between the universities and the state is largely around projects – the state provides dollars and orders the university system to do specific projects. Total state revenues make up about 14 percent of total university revenues – which is a diminishing percentage that a big piece is direct project funding and not general support funding.

Executive Director Arnold provided the following comparisons:

- University appropriations of the state budget, in Fiscal 2002, university support made up 12 percent of the total general fund compared to 6 percent in 2022;
- State support per resident student FY 2008 \$11,754 vs. FY 2022 \$6,564;
- Student Headcount increase of 10.8 percent in FY 2002 compared to a 97 percent increase in FY 2022;
- Major areas of state funding since FY 2002 – the state budget moved from about \$7 billion to \$14 billion and the universities funding line stayed relatively flat where nearly every other budget has increased over a hundred percent;
- Per student spending reductions by state since FY 2008 - Arizona led the country in reductions in per pupil funding since 2008 - to \$6,400 which speaks to the universities ability to really compete on a national landscape; and
- Arizona Higher Education funding vs. the national average in 2022, and Arizona is 46 percent of the national average.

Regent Manson provided a brief update on events that lead to the motions associated with tuition, fees, housing and meal plans. During the March 24, 2022 Finance, Capital and Resources Committee meeting the committee reviewed and discussed each university's tuition and fees and housing and dining proposals. This provided the committee an opportunity to take a deeper dive into the president's recommendations. A tuition hearing was held on March 28, that allowed the public to provide comment to the board on the proposals. Regent Manson further commented on the presidents' diligent work to ensure the universities are as efficient as possible and that they stay committed to access and affordability. The presidents' proposals reflect the realities of today. The board is asked to set resident and nonresident tuition and mandatory fees, college fees, program fees, class fees and other academic fees; as well as residence housing and meal plans for the 2022-2023 academic year.

Presidents briefly commented on their university's proposals. President Crow presented that the old model for ASU tuition was a model of low tuition, low financial aid that resulted in low graduation rate, low levels of diversity, low levels of Pell students the following year. In 1990, ASU had 1000 Pell students attending and a 12 percent four-year graduation rate. The new tuition model of modest tuition, high financial aid, a model for success, a model that's been operational now for many years in which ASU has produced five times the number of graduates with twenty times the number of Pell eligible students and two times the graduation rate, with a diversity of graduates that matches the population of the state. ASU's tuition for the past 10 years was designed to keep the tuition at the lowest level. ASU's model is to not raise tuition for 10 years by more than 3 percent per year and maintain no financial barriers to any tuition increase. Last year, ASU proposed the same model for an additional 10 years. ASU's proposal for resident students is a 2.5 percent increase for

residents, both undergraduates and graduates; a 4 percent increase for out-of-state students; a 5 percent increase for international students and a 2 percent increase for online students.

President Cruz Rivera presented that the tuition and fee proposal will ensure that the university can continue to provide access to excellence. NAU's proposal is accompanied by an increased intensity in their efforts to diversify their revenue streams, to provide more efficient and effective support services, and to ensure that they can broaden participation, increase completion rates and improve post-college outcomes. The proposal presented today calls for a 3.5 percent tuition increase for Flagstaff and statewide undergraduate and graduate students. NAU maintains the pledge for incoming students coming into NAU this year, which means that they will be guaranteed the same tuition costs for the duration of their studies. NAU's proposal streamlines and simplifies their cost structure from the perspective of course and program fees, as well as moving to a per credit assessment of costs to better serve part-time students. NAU is confident their proposal will continue to advance the mission of NAU.

President Robins commented that following a collaborative process with student leaders and in the spirit of making strategic nuanced decisions, the university has proposed modest increases for the 2022-2023 year that includes no increase for 99 percent of their continuing undergraduate students, by virtue of the tuition guarantee program. UArizona's proposal presented includes a 2 percent increase for incoming undergraduate resident students; 5.6 percent increase for nonresident students; a 2 percent increase for graduate resident students; 0 percent increase for nonresident graduate students; 4.3 percent increase for resident medical students both in Tucson and Phoenix; and a 1 percent increase for nonresident students; a 3 percent increase for veterinary medicine students. Mandatory fees will increase a total of \$310, \$175 per year for the health and recreation fee and \$135 a year for the student services fee.

Regent Penley thanked the presidents for their careful work and appreciates the increased access and substantial financial aid that goes to students. Regent Penley further commented that he wished that as part of the constitution, the state lived up to its responsibilities, particularly providing the tax revenue called for in Article 11 to support the university students. Instead of the state's support the board has called on the three university presidents to be entrepreneurial, to be innovative and to develop revenue in whatever means that they can and will continue to do so in the future to offset the tuition that has to be charged. Regent Penley commented that he supports the tuition proposals that the three university presidents have presented, it is essential to provide the kind of high-quality education that drives the economy of the state of Arizona. The three universities are the essential, fundamental driver of this economy.

Regent Manson further commented that each university provides significant institutional financial aid and that she understands that it is difficult at any point in time to increase tuition, under the current climate, she is in support of the increases in tuition. The motions before the board do not include existing tuition or mandatory fees charged to students, if no changes are recommended; and the Arizona Financial Aid Trust (AFAT) which is automatically calculated at 1 percent of the resident undergraduate tuition rate.

MOTION #1 - ASU RESIDENT TUITION

Upon motion by Regent Manson, seconded by Regent Shoopman, the board approved Arizona State University Tuition for resident immersion students (both undergraduate and graduate) at all ASU campuses, increase base tuition by 2.5 percent to \$10,978 for undergraduate resident students, except for freshman and sophomores in the Polytechnic School and New College to \$9,882; and for students at Colleges at Lake Havasu City and rural community college-based programs to \$6,588. For resident graduate students, increase base tuition to \$12,014.

By roll call vote: Regents Shoopman, Ridenour, Penley, Mata, Pacheco, Dave and Manson voted in favor. Regent DuVal opposed and none abstained. The motion passed.

MOTION #2 – ASU NONRESIDENT TUITION, ONLINE, MANDATORY FEES

Upon motion by Regent Manson, seconded by Regent Shoopman, the board approved Arizona State University nonresident tuition, online, mandatory fees as follows:

- For nonresident immersion students at all ASU campuses (both undergraduate and graduate), increase base tuition by 4.0 percent to \$29,952 for undergraduate nonresident students, except for freshman and sophomores in the Polytechnic School and New College to \$26,958; and for students at Colleges at Lake Havasu City to \$10,784. For nonresident graduate students, increase base tuition to \$32,656.
- For international students, increase base tuition by 5.0 percent to \$32,760 for undergraduate nonresident students, except for freshman and sophomores in the Polytechnic School and New College to \$29,484; and for international graduate students, increase base tuition to \$35,280.
- For digital immersion students, increase the per credit hour rate by 2 percent to \$552 per credit hour for undergraduate students and to \$554 per credit hour for graduate students.
- For mandatory fees:
 - Increase the graduate student support fee for campus immersion students by \$5 per semester (\$10 per year) to support technology, instructional and laboratory expenses, graduate student services and financial support; and establish a graduate student support fee for digital immersion students of \$15 per credit, which consolidates existing class fees and the technology fee into a single charge.

By roll call vote Regents Shoopman, Ridenour, Penley, DuVal, Mata, Pacheco, Dave and Manson voted in favor. None opposed and none abstained. The motion passed.

MOTION #3 – ASU COLLEGE, PROGRAM & ACADEMIC FEES

Upon motion by Regent Manson, seconded by Regent Mata, the board approved ASU College Fees, Program Fees, and other academic fees, as requested by ASU in its proposal and presented in the executive summary. This includes:

- Increase college fee pricing between 2-2.5 percent depending on college for both its campus immersion students and digital immersion students; and
- Establish 23 new graduate program fees in: College of Global Futures; College of Health Solutions; College of Integrative Sciences and Arts; Herberger Institute for Design and the Arts; New College of Interdisciplinary Arts and Sciences; The College of Liberal Arts and Sciences; and Thunderbird School of Global Management; and
- Increases in 8 existing program fees in: College of Global Futures; Mary Lou Fulton Teachers College; The College of Liberal Arts and Sciences; and W.P. Carey School of Business; and
- For other academic fees, increase the international student fee from \$100 to \$200 per semester.

By roll call vote Regents Shoopman, Ridenour, Penley, DuVal, Mata, Pacheco, Dave and Manson voted in favor. None opposed and none abstained. The motion passed.

MOTION #4 - ASU STUDENT HOUSING AND MEAL PLANS

Upon motion by Regent Manson, seconded by Regent Penley, the board approved the 2022-2023 residence halls, leased apartments, family housing, and meal plans for Arizona State University, as requested in its proposal and presented in the executive summary.

Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

MOTION #5 - NAU RESIDENT TUITION

Upon motion by Regent Manson, seconded by Regent Shoopman the board approved NAU Resident Tuition for all resident students (both undergraduate and graduate), increase base tuition by 3.5 percent for resident students, to \$11,024 for new resident undergraduate students entering Fall 2022 on the Pledge program at the Flagstaff campus; \$8,692 for resident undergraduate students at the Flagstaff campus not on the Pledge; \$8,228 for NAU's statewide campuses including Yavapai and Yuma, and \$11,390 for resident graduate students at the Flagstaff campus, and to \$10,968 for resident graduate students at NAU statewide, Yuma and Yavapai.

By roll call vote: Regents Shoopman, Ridenour, Penley, Mata, Pacheco, Dave and Manson voted in favor. Regent DuVal opposed and none abstained. The motion passed.

MOTION #6 – NAU NONRESIDENT TUITION, ONLINE, MANDATORY FEES

Upon motion by Regent Manson, seconded by Regent Penley, the board approved the following for Northern Arizona University:

- For all nonresident students (except international) increase base tuition by 3.5 percent to:
- For nonresident students, increase tuition to \$26,286 for new nonresident undergraduate students entering Fall 2022 on the Pledge program at the Flagstaff campus; \$23,416 for nonresident undergraduate students not on the Pledge at the Flagstaff campus; \$8,228 for nonresident undergraduate students at NAU statewide campuses including Yavapai and Yuma, \$27,940 for nonresident graduate students at the Flagstaff campus, and \$26,902 for nonresident graduate students at NAU statewide, Yuma and Yavapai.
- For international students increase base tuition by 7.4 percent to \$27,286 for new international undergraduate students on the Pledge; increase base tuition by 7.9 percent to \$24,416 for international undergraduate students not on the Pledge; and increase base tuition by 7.2 percent for international graduate students to \$28,940.
- For NAU Online, increase the per credit hour rate by 2.2 percent to \$465 per credit hour for undergraduate students and by 1.7 percent for graduate students to \$585 per credit hour.
- For NAU's Personalized Learning, increase the subscription rate by 3.3 percent to \$3,100 per year; and for Personalized Learning for Nursing, increase the subscription rate by 2.7 percent to \$3,850 per year.

By roll call vote Regents Shoopman, Ridenour, Penley, DuVal, Mata, Pacheco, Dave and Manson voted in favor. None opposed and none abstained. The motion passed.

MOTION #7 – NAU COLLEGE FEE, PROGRAM FEES & CLASS FEES

Upon motion by Regent Manson, seconded by Regent Ridenour, the board approved NAU's College Fees and other academic fees, as requested by NAU in its proposal and presented in the executive summary. This includes:

- Increasing NAU's enrollment fee by \$75 per semester which applies only to lower division students; and
- Establishing a College Fee for undergraduate students. The college fee for resident students will range from \$400-\$1000 per year depending on college, and \$600-\$1,500 for nonresident and international undergraduate students depending on college. By establishing a college fee, NAU is eliminating all academic undergraduate course and program fees.

By roll call vote Regents Shoopman, Ridenour, Penley, DuVal, Mata, Pacheco, Dave and Manson voted in favor. None opposed and none abstained. The motion passed.

MOTION #8 - NAU STUDENT HOUSING AND MEAL PLANS

Upon motion by Regent Manson, seconded by Regent Ridenour the board approved the 2022-2023 residence halls, leased apartments, family housing, and meal plans for Northern Arizona University, as presented in its proposal and in the executive summary.

Regents Manson, Duval, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

MOTION #9 - UARIZONA RESIDENT BASE TUITION

Upon motion by Regent Manson, seconded by Regent Mata, the board approved for the University of Arizona tuition increase by 2.0 percent for all resident students as follows:

- For new resident undergraduate students entering Fall 2022 on the universities' guaranteed tuition plan to \$11,525, and for resident undergraduate students not on the guaranteed tuition plan to \$11,210; at Sierra Vista and associated locations increase base tuition to \$9,411 for students entering Fall 2022 on the guaranteed tuition plan, and to \$8,893 for students not on the guaranteed plan; and for resident graduate students at the Tucson campus increase base tuition to \$12,348, and resident graduate students at Sierra Vista and associated locations increase base tuition to \$11,939.

By roll call vote: Regents Shoopman, Ridenour, Penley, Mata, Pacheco, Dave and Manson voted in favor. Regent DuVal opposed and none abstained. The motion passed.

MOTION #10 – UARIZONA NONRESIDENT TUITION, COLLEGE OF MEDICINE, VET- MED, GLOBAL MICRO CAMPUSES & MANDATORY FEES

Upon motion by Regent Manson, seconded by Regent Ridenour, the board approved the following:

- For nonresident undergraduate students, increase tuition 5.6 percent to \$37,827 for students entering Fall 2022 on the Tucson campus on the guaranteed tuition plan, and for nonresident undergraduate students not on the guaranteed tuition plan to \$35,628.
- For the Colleges of Medicine:
 - At both the Tucson and Phoenix campuses, increase tuition 4.3 percent for all resident students to \$36,075, and one percent increase for all nonresident students to \$55,269.
- For the Colleges of Veterinary Medicine:
 - Increase tuition by 3.0 percent for all resident and nonresident students to \$47,277 for resident students and \$73,542 for nonresident students.

- For UArizona's Global Campuses:
 - Approve tuition for UArizona's Global programs within the range of \$4,000 to \$15,000 per year, as listed in the materials; and approve annual tuition of \$75,000 for the UArizona College of Medicine program in partnership with University of Western Australia, subject to program approval.
- For mandatory fees:
 - At the Tucson campus only, increase the Health and Recreation Fee by \$175 to \$600 per year and the Student Services Fee by \$135 to \$285 per year; and eliminate the Student Services fee at Sierra Vista and associated locations. In addition, the UArizona proposes to adjust its Recreation Center Program fee annually based on the Consumer Price Index. The Recreation Center Program fee is part of its Student Initiated Fee category with no increases proposed for this tuition cycle. *(Current undergraduate students on the Guaranteed Tuition Program will not pay these increases).*

By roll call vote Regents Shoopman, Ridenour, Penley, DuVal, Mata, Pacheco, Dave and Manson voted in favor. None opposed and none abstained. The motion passed.

MOTION #11 – UARIZONA DIFFERENTIAL TUITION, PROGRAM FEES, AND CLASS FEES

Upon motion by Regent Manson, seconded by Regent Shoopman, the board approved UArizona's Differential Tuition, Program Fees and class fees as requested by UArizona and presented in its proposal and the executive summary. This includes:

- An increase in its undergraduate differential tuition in the College of Nursing Traditional BSN program, and one new undergraduate program fee in the College of Agriculture and Life Sciences--Animal and Veterinary Sciences majors;
- Establishing two new graduate program fees and an increase to one graduate program fees. The new program fees proposed are in the College of Social and Behavior Sciences; and the increase is in the College of Nursing;
- Establishing seven new class fees and increases to 16 class fees. The new class fees are in the Eller College of Management, College of Education and the College of Agriculture and Life Sciences (CALs); and increases to existing class fees are in College of Agriculture and Life Sciences (CALs); College of Medicine; and the College of Science.

By roll call vote Regents Shoopman, Ridenour, Penley, DuVal, Mata, Pacheco, Dave and Manson voted in favor. None opposed and none abstained. The motion passed.

MOTION #12 – UARIZONA STUDENT HOUSING AND MEAL PLANS

Upon motion by Regent Manson, seconded by Regent Penley, the board approved the 2022-2023 residence halls, leased apartments, family housing, and meal plans for the University of Arizona as presented in its proposal and in the executive summary.

Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

Multiple-year Employment Contract for Head Women's Basketball Coach (NAU) (Item 3)

The board was asked to approve a new five-year contract for Lorree Payne as Head Women's Basketball Coach.

President Cruz Rivera presented that Coach Payne has strong support from the entire university community, has proven herself to be an exceptional program builder, mentor, recruiter, and developer of talent. She has accomplished much in terms of ensuring that the student athletes succeed in the classroom and on the field or on the court. In this case, the women's basketball program has excelled academically under coach Payne's leadership. The Fall 2021 cumulative GPA for the team was 3.51, four members at a 4.0 GPA and 13 members achieving more than a 3.0 GPA. In terms of competitiveness, under her leadership, the basketball team was able to win their first Big Sky Tournament in 12 years, the first winning season in 12 years, the first post-season winning program, and just a few weeks ago in 2022, the team played in the conference championship game for the first time since 2007.

Regent Manson commented that she was very impressed with both of Coach Payne's academic and athletic achievement.

Upon motion by Regent Mata, seconded by Regent Manson, the board approved the multiple-year employment agreement for Northern Arizona University's head women's basketball coach Loree Payne, as described in the executive summary. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

Second Amended Multiple-year Employment Agreement for Vice President and Director of Athletics (UArizona) (Item 4)

The board was asked to approve the second amended multiple-year employment agreement for Vice President and Director of Athletics Dave Heeke. President Robbins presented the second amended multiple-year employment agreement for vice president and director of athletics for UArizona.

President Robbins proposed a two-year extension with an increase in Dave Heeke base salary to \$875,000 annually. This increased base salary places, Dave Heeke squarely among the UArizona peers. His current base salary puts him 38 out of 65 of the power five

athlete directors nationally, and sixth in the PAC 12. The proposed increase would move Dave Heeke 35th nationally and fifth in the PAC 12. Dave Heeke inherited some very exciting projects to maneuver through over the last five years and has been a steady hand with the upward trajectory of UArizona's teams' performances, as well as continued focus and investment on the incredible academic success of student athletes. Coaching hires have been tremendous over the last year with the additions of: Tommy Lloyd, UArizona's Men's Basketball Coach; Jedd Fisch, UArizona's Head Football Coach; Caitlin Lowe, UArizona's Softball Coach; Becca Moros, UArizona's Women's Head Soccer Coach; and Chip Hale UArizona as the Baseball Head Coach. Dave Heeke was further able to retain Women's Head Basketball Coach, Adia Barnes after an incredible run last year in the National Championship and NCAA championship.

Regent Ridenour inquired on the state of UArizona athletics and where it is going. Mr. Heeke commented that the state of UArizona's program is excellent. UArizona has navigated some complexities and will discuss later in the meeting some of the challenging issues that face college athletics, but UArizona has remained true to the role to the mission of what intercollegiate athletics is and the collegiate model – the importance of combining a powerful academic experience with a terrific athletic experience and growing as a young person. President Robbins commented that Mr. Heeke has built the right culture in their athletic department.

Regent Shoopman commented that Mr. Heeke has done a great job during very difficult and challenging times. His steady hand and his focus on academic and athletic performance, and improving the culture of the department. Regent Shoopman expressed his support of the increase and extension of Mr. Heeke's contract and thanked him for his good work.

Upon motion by Regent Mata, seconded by Regent Shoopman, the board approved the second amended multiple-year employment agreement for the University of Arizona's Vice President and Director of Athletics, David Heeke, as described in the executive summary. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

Multiple-year Employment Contract for Head Women's Basketball Coach (ASU) (Item 5)

The board was asked to approve a multiple-year employment contract for Natasha Adair as head women's basketball coach at ASU.

President Crow presented that Natasha Adair was the head coach the University of Delaware with a 62 percent winning record. Coach Adair understands ASU's desired outcomes associated with tournaments and finding a pathway to the highest level of competitiveness. Coach Adair not only brings experience of a head coach from Delaware, but also Georgetown. She further brings a wealth of experience to ASU and college specific experience.

Upon motion by Regent Mata, seconded by Regent Dave, the board approved the multiple-year employment contract for the Arizona State University's head women's basketball coach Natasha Adair, as described in the executive summary. Regents Manson, DuVal, Mata,

Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

LEGISLATIVE UPDATE

Discussion and Consideration of Legislation Affecting the University Enterprise (Item 6)

Page Gonzales, Vice President, Government Affairs and Community Relations provided a handout and updated the board on bills related to higher education and on which the board has taken a position.

Ms. Gonzales reported that the Fifty-fifth Legislature, second session is in its 88th day and 1908 bills and resolutions have been introduced, of which approximately twenty-five percent of those will become law. The regents took position on 18 bills this session but there are other bills being monitored as they transition through the process. The bills have been divided into four sections by status.

Bills signed by the Governor

- SB 1115 - In-state student status; veterans (Sen. Borrelli) – Conforms to federal law. The board supported.
- SB 1321 - Conforming legislation; postsecondary education commission (Sen. Shope) The board supported.
- SB 1406 - Excused military absences; higher education (Sen. Gowan) The board was neutral with amendment. The amendments were made and the bill was signed into law.

Bills still in process

- HB 2031 - Higher education; individuals with disabilities (Rep. Udall) – The board supported this bill with clarifying amendments. Negotiations are ongoing.
- HB 2322 – Hazing; hazing paraphernalia; offense (Rep. Kavanagh) – The board supported the bill with a clarifying amendment which was made. Currently awaiting Senate floor action.
- HB 2473 - Firearms; contracts; prohibited practices (Rep. Carroll) – The board opposed this bill. There have been many amendments considered and strong opposition from the private sector remains strong. This bill will continue to be monitored.
- SB 1324 - Smart and safe fund; distribution (Sen. Shope) – The board supported this bill and the amendment to add campus police to the list of law enforcement agencies to be funded was included. Awaiting Senate floor action.
- SB 1368 – Continuation; Arizona Board of Regents (Sen. Boyer) - Two bills were introduced, one with a three-year continuation and one with an eight-year continuation. The Education Committees of the House and the Senate met and compromised on a five-year continuance. The bill is parked in the Rules Committee while negotiations regarding budget continue.

Bills positioned for budget negotiations

- HB 2691 - Health care workforce; grant programs (Rep. Osborne) – The board supported, will monitor for amendments.

- SB 1271 - Arizona Veterinary Loan Assistance Program (Sen. Shope) – the board supported.
- SB 1714 - Appropriation; veterinary diagnostic lab (Sen. Gowan) – The board supported

Bills not moving as of today

- HB 2276 - State law; violation; schools; universities (Rep. Fillmore) – The board opposed. The bill did not make it to the floor for a vote.
- HB 2278- Alternative mathematics graduation pathway (Rep. Fillmore) – The board opposed. The bill was not heard in Senate Education and was struck in another committee and is not moving forward.
- HB 2351- Continuation; Arizona Board of Regents (Rep. Udall) – This bill is the three-year continuation. This bill is not moving based on the Senate and House compromise mentioned in SB 1368.
- HB 2447 - Firearms; universities; community colleges; campus (Rep. Nguyen) – The board opposed. The bill did not make floor action in either chamber.
- SB 1123 - Disruption; educational institution; concealed weapon (Sen. Rogers)- The board opposed. The bill did not make floor action in either chamber.
- SB 1145 - ABOR optional retirement programs (Sen. Petersen) – The board supported, the bill was assigned to Senate finance and did not receive a hearing.
- SB 1626 - Universities; community colleges; sexual misconduct (Sen. Mesnard) – the board opposed the underlying bill and asked government affairs staff to work with stakeholders. Title IX coordinators had concerns about one matter on the bill and with the signing by President Biden Violence Against Women Act, a climate survey is now required and the information published. The government affairs teams recommends the approaches be reviewed and an internal taskforce be established to review the federal legislation in order to standardize and distribute the collection of the information enterprise wide.

Ms. Gonzales noted that two critical race theory bills, SB1412 and HCR2001 are still in process. ABOR's and the universities' government affair's teams have shared concerns about the underlying policy concerns of this legislation and are working with the education community stakeholders. There are senators who do not want this bill going to the floor for a full vote. Ms. Gonzales reported that efforts are continuing to ensure that existing and future tuition waiver bills include appropriations, as several current bills have an appropriation attached. A striker was proposed to SB 1564 which established an on-farm irrigation efficiency pilot program to provide grants and collect data for on-farm irrigation systems and projects; appropriations of \$30 million from the state general fund to run through UArizona's cooperative extension. This bill is parked in budget.

Ms. Gonzales reported that the state budget, which includes federal COVID relief, is estimated to be \$3.8 billion for FY 2023, and that members of the Senate leadership began meetings to discuss the budget. The Governor and legislative leadership are working on a tax cut, called the "great bargain", while other members wish to address school funding. Ms. Gonzales will provide the board with an op-ed written by the Senate Education Committee chair which clarifies the school funding efforts. Ms. Gonzales notified the board regarding their inquiries on nursing proposals and those discussions. She has been assured by multiple members that public universities are recognized as a vital partner in solving the statewide nursing shortage.

The Governor appointed two new regents, Gregg Brewster and Doug Goodyear. A special meeting will take place for confirmations in the Senate Education Committee and are likely to occur in late April 2022.

Regent Manson thanked Ms. Gonzales for her report and asked that the Regents' Cup video be shared.

ADMINISTRATIVE BUSINESS

Election of Officers (Item 7)

The board office asked the board to elect officers for one-year terms beginning July 1, 2022.

Jennifer Pollock, Senior Vice President and General Counsel presented the nominees for new officers for the board for a term beginning on July 1, 2022: Regent Lyndel Manson as Chair, Regent Fred DuVal as Chair-Elect, Regent Cecilia Mata as Secretary, Regent Larry Penley as Treasurer and Regent Rachel Kanyur as Assistant Treasurer.

Upon motion by Regent Manson, seconded by Regent Dave, the board elected officers for one-year terms beginning July 1, 2022, as discussed in the executive summary. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour and Dave voted in favor. None opposed and none abstained. Regent Pacheco was not present for the vote.

Discussion on College Athletics (Item 8)

The board engaged in a discussion with the universities on College Athletics.

Dave Heeke, Vice President and Director of Athletics engaged the board in a discussion on College Athletics. Director Heeke commented that the NCAA was started by President Theodore Roosevelt because of a great concern about injuries and actual deaths in the game of college football and to further guide, govern and protect athletics. Over the century athletics has gone through issues of recruitment, level of playing field, direct concepts in intercollegiate athletics, amateurism and the nature of amateurism. Today, college athletics is heading in a new direction. Mr. Heeke presented four key issues that he believes are critical going forward and they all converge and impact each other.

1. New NCAA constitutions and direction of the NCAA
2. Transfer Portal
3. Name, Image and Likeness (NIL)
4. Alston Academic Benefits

New NCAA Constitution allows the different divisions: one, two and three to begin to govern themselves in the best interest of their campuses, institutions and conferences. It emphasizes deregulations, amateurism focus, new enforcement (investigation area) and opens up what will happen with the NCAA and its membership. The federal government has chimed in with different legislation ideas and thoughts on how to go forward to help the NCAA or guide the NCAA on how they will perform in the future.

The Transfer Portal – Prior to 2020 student athletes in certain sports were limited on what they could do in transferring primarily in the sport of football and basketball. Students were generally required to sit out a full-year before they could compete again on a new campus. That limitation was removed, and student athletes have a freedom of movement. This now creates a completely new environment with rosters/teams and building programs.

Name, Image and Likeness (NIL) provides and opportunity for student athletes to generate income off of their name, image and likeness. Student athletes can receive compensation for promoting commercial interest of an outside entity or actually build and develop their own business enterprise or endeavors for profit like any other student or individual on campus. The NCAA gave very limited guidance, there are two areas that they prohibit that the university guide themselves. It prohibits compensation on new business ventures that can be in any way tied to athletic participation as a student athlete or their performance on the team. It also prohibits the opportunity of the NIL agreements to be leveraged as an inducement for recruitment to the campus or to the athletic programs. The NCAA remains very hesitant to establish legislation. Federal and state legislators are now involved and there are 30 states with laws that apply to NIL. Arizona has a state law that the universities are aware of and are working within those guidelines. The term NIL consists of personal brand management, business development, financial literacy networking, contract law, and business law. The universities provide education and guidance for their student athletes while they are in their programs. Another aspect of NIL are collectives; a formation of a group of donors, supporters and business people; who create opportunities for student athletes. It is their mission to provide NIL business deals for student athletes. The universities have engaged with these entities as they pursue the interest of the student athletes and they are very clear on NCAA, state laws and federal regulations as well as institutional requirements.

Alston Academic Benefits – June 2021 the Supreme Court issued a decision consistent with the antitrust principles which allows student athletes to receive additional compensation around educational success, graduation awards and additional benefits surrounding education up to \$5,980 per student athlete. The NCAA quickly adopted legislation making it permissible to provide students athletes the additional amount of money. All three of the universities are working diligently to manage this change. The universities are not mandated by law to provide those funds and it is not an NCAA rule. There are significant costs related to the Alston Academic Benefit but UArizona believes it is significant in the recruiting space and in the best interest of the student athlete to promote academic success. UArizona is committed to provide a portion of those benefits as they enter the Fall semester and are still developing that plan.

The next five to ten years will be much different than the previous century with a lot of changes with the college sports model. UArizona will remain focused on the best interest of their student athletes, the appropriateness of their educational and life experience and doing the right thing for their programs.

Mike Marlow, NAU Vice President for Intercollegiate Athletics, commented that at NAU the transfer portal “giveth and taketh away.” Students are leaving the state and then come back for the opportunity which benefits NAU’s programs greatly. The unintended consequences of NIL that NAU is seeing from an educational standpoint is that budding entrepreneurs are realizing they need to be conscious of their own personal brand and self-image.

President Robbins commented that when NIL was being contemplated there was concern that women athletes were not going to be rewarded as much as the men. One of the first deals on July 1, was with a gymnast at LSU that had between eight and ten million followers on TikTok and Instagram. There were two sisters who played for Fresno State that signed deals and a UArizona women's basketball player signed a NIL deal. President Robbins applauded the universities for the educational programs they have put in place to assist the student athletes. President Robbins further commented that it's a complex set of converging circumstances that make it more complicated to run athletic departments coming off of the amount of money that was lost due to TV contracts in the COVID years and now rolling into this is quite challenging and he expressed his concern about the future of amateurism in college athletics.

Regent Ridenour asked how this would affect the PAC 12 as far as realignment and compete. Mr. Heeke responded that the PAC 12 is a dynamic outstanding conference and there is a tremendous amount of discussion amongst the board, the presidents and athletic directors contemplating the future and how to best be positioned to maintain a semblance of order of the collegiate model linked to higher education but providing opportunities for growth for new things. Conversations are ongoing and believes that some type of federal support would be very beneficial to provide guidelines in the future.

President Crow commented that the notion of simplicity is departing in college athletics and believes that a division is coming where some will decide that they are college sports and someone else will decide that they are some form of state sports. These are public institutions and are managed politically in many ways which makes them extremely complicated organizations driving forward cultural values, which are highly disparate. This break of the cultural values is a big deal. ASU is aligned with the values of the PAC 12 and will stay aligned and hope that in that community of institutions, they can move their way through this extremely complicated moment.

Regent DuVal inquired on the NCAA enforcement mechanism, whether this will be self-regulated or will the NCAA seek to expand its current enforcement regime. Mr. Heeke responded that this is one of the big questions on the governance structure of the NCAA. They are involved with enforcement, educational opportunities and eligibility issues. Their role is very broad and continues to grow. He believes that many of the duties and some of that responsibility potentially the enforcement side would fall to the conference level to a degree. Some feel that a global consistent infractions and enforcement application falls inside the NCLR. How this is organized is still in serious discussion.

Regent Ridenour congratulated Mike Marlow on the award of the FCS Athletic Director of the year award.

Regent Manson expressed her concern on NIL and with the transfer portal are in the best interest of the students. The transfer portal, as it currently stands, opens up that team shopping and moving to the next school, and believes that it is an incredible disruption to the educational continuity of these students. It further signifies to the coaches and programs the importance of having strong, positive and good cultures inside the teams and athletic programs that the student athletes will want to stay. Regent Manson further expressed her

concern of the ramifications academically for students transferring and further effects the programs at the universities.

ACADEMIC AFFAIRS AND EDUCATIONAL ATTAINMENT

Report on the Academic Affairs and Educational Attainment Committee Meeting (Item 9)

Prior to reporting on the Academic Affairs and Educational Attainment Committee held on March 24, 2022, Regent Penley reminded the board of the process put into place by Regent Ridenour that allows the committees to truly delve more deeply into issues associated to those committees.

The consent agenda items 15-22 were items specifically associates with the Academic Affairs Committee held on March 24, 2022. The committee reviewed and approved forwarding to the board the Arizona State University's request to establish a new general education program. All three universities have brought revised general education programs to the board and will continue to provide reports on the implementation and accountability in regard to general education. Regent Penley further mentioned the work of the Academic Affairs committee on program review approvals and credentials. The committee challenged the provosts to look closely at whether credentialing really delivers to the student what is expected from the credentialing process.

Appointment of Regents Professors for the University of Arizona (UArizona) (Item 10)

The University of Arizona asked the board to approve the appointment of five Regents Professors: Sama Alshaibi (School of Fine Arts); Jean-Luc Brédas (Chemistry and Biochemistry); Juanita Merchant (Department of Medicine); David Pietz (Department of History) and Donata Vercelli (Cellular and Molecular Medicine).

President Robbins presented the appointment of five Regents Professors for the University of Arizona. Professor Sama Alshaibi from the School of Art, is a multi-award-winning professor that joined the School of Art in 2006 and due largely to her incredible international fame and tireless efforts the School of Art Photography Video and Imaging program has grown substantially since her arrival and is currently ranked third in the nation. Her professional accolades include an extensive list of fellowships, exhibitions, publications, and awards at both a national and international level. Most recently she was awarded a 2021 a Guggenheim fellowship. She brings a level of talent and dedication to her work that's extraordinary and as such her impact as a scholar, artists, mentor and colleague is incalculable.

Professor Jean-Luc Brédas from the Department of Chemistry and Biochemistry, over the past 30 years, he and his group have been at the vanguard of devising theoretical approaches to materials at molecular length scales that could then guide experimentalists in the design of new systems for optoelectronic device architectures. The success of this theoretical approach by Brédas and his group has led to a revolution in material design. He

has been elected as a Member of the International Academy of Quantum Molecular Science, the Royal Academy of Belgium, and the European Academy of Sciences.

Professor Juanita Merchant from the College of Medicine in Tucson, is a pioneer leader in research on the physiology, pathophysiology in development of cancer of the stomach. Professor Merchant is a celebrated member of the faculty of the University of Arizona College of Medicine in Tucson. Her reach research has been supported by competitively awarded grants from the National Institutes of Health (NIH) and other sources with an enviable record of impactful publication. As a result she has been elected as a member of the prestigious National Academy of Medicine.

Professor David Pietz from the Department of History is a professor of Chinese History and UNESCO Chair in Environmental History. Dr. Pietz is the world's preeminent scholar of China's environmental transformations. His award-winning research has focused on the management of water in China, as he analyzes the causes and consequences of China's response to environmental issues that have a global reach. In the spring of 2020 Professor Pietz became the University of Arizona's first Andrew Carnegie fellow.

Professor Donata Vercelli, in a highly acclaimed and brilliantly conceived experiment, the results of which were published in the New England Journal of Medicine, and further publicized in many press stories, Professor Vercelli and colleagues used a natural setting to demonstrate that the more children and their mothers played with and were exposed to farm animals, the fewer asthmatic symptoms the children displayed later in life. These efforts provided a model system and were a major driver for a large 5-year, \$9-million NIH grant received a year ago that addresses the impact of environmental exposures on prevention of childhood asthma. Professor Vercelli's ongoing work examines the basis for the surprisingly lower asthmatic prevalence on the Mexican side of the U.S./ Mexico border and promises to yield great insights for medicine and public health.

Regent Penley thanked President Robbins and commented on the wonderful set of faculty.

Upon motion by Regent Penley, seconded by Regent Ridenour, the board approved the appointment of five Regent Professors. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour and Pacheco voted in favor. None opposed and none abstained. Regent Dave was not present for the vote.

Request for New Academic Organizational Unit for Arizona State University (Item 11)

Arizona State University asked the board for approval of its new academic organizational unit requests effective in academic year 2022-2023. Provost Gonzales presented a proposal to establish a new academic organizational unit at ASU to establish the new school of Ocean Futures under the College of Global Futures on the Tempe campus to begin operating in Fall of 2022. The new school will be the academic home for programs in ocean sciences and related disciplines and will house research and educational opportunities on the Tempe campus, at the Bermuda Institute of Ocean Sciences and in Hawaii. The school will advance ASU student access by providing research, experiential learning and educational activities in ocean futures relevant areas, such as physical oceanography, marine biology, ocean engineering, geographical sciences, data science, molecular biology, chemistry,

environmental quality, optics, biogeochemistry, biodiversity, ecosystem function and services, ocean fluxes, and climate change. Graduate level research degrees with coursework and research opportunities in Bermuda and Hawaii are currently in the planning stages. As a transdisciplinary unit, the school has strong connections to the other schools in the College of Global Futures, including the School of Sustainability, the School for the Future of Innovation and Society and the School of Complex Adaptive Systems, as well as other colleges across campus and units, particularly the School of Life Sciences. The School of Ocean Futures will expand capacity to study the earth system holistically. It will address the role of the ocean in the earth system at a time when human activities placed increasing pressures upon the life supporting system of the planet. Specifically, it will address the fundamental dynamics of the ocean as part of the earth system, as well as its response to perturbations caused by global change. The school builds on a partnership or affiliated agreement with the Bermuda Institute of Ocean Sciences (BIOS) that makes it a component unit at ASU and gives ASU control and custody of the BIOS facilities and the services needed to conduct research and deliver educational programs and experiences in Bermuda. BIOS is located in St. George's on the east end of Bermuda and is one of the longest serving research institutes dedicated to studying ocean processes in the Western hemisphere. BIOS is a world-class ocean science research and education facility and is home to the Atlantic Explorer, an ocean class research vessel that provides scientists and students with platforms for conducting short and long-term studies of the open ocean and provides experiential training and research opportunities for undergraduate and graduate students in global environmental and climate sciences. Resources for this degree are also in the Pacific Ocean. The Center for Global Discovery and Conservation science located in Hilo, Hawaii leads spatially explicit, scientific and technological research focused on mitigating and adapting to global environmental change. West Hawaii is also home to the ASU Coral Atlas Laboratory, a network of field sites and land-based partners, linking community scale research and outreach to the global ASU Coral Atlas program that seeks to map the world's coral reefs with aircraft and satellite technology. Faculty affiliated with this center will be essential partners and collaborators for the new School of Ocean Futures and will also provide research and educational opportunities for students.

Regent Penley commented that he is pleased on the impact and potential for sustainable ecosystems, biodiversity, food and agriculture.

Upon motion by Regent Penley, seconded by Regent Mata the board approved Arizona State University's request for a new academic organizational unit. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Pacheco and Dave voted in favor. None opposed and none abstained.

RESEARCH AND HEALTH SCIENCES COMMITTEE

Report on the Research and Health Sciences Committee (Item 12)

Regent DuVal reported on the Research and Health Sciences committee meeting held on March 25, 2022. The committee received an update from Dave Kreitor on the Phoenix Biomedical Campus now known as the Phoenix Bioscience Core (PBC) which is a bio medical hub in downtown Phoenix where all three universities have a presence on the

campus. The committee received an update on the banner relationship with UArizona and went into some depth on a couple of items such as the growth of the clinical network and community outreach.

The committee received a presentation on one of the five Regents' Grants proposal which is funded from TRIF dollars. The first set of Regents' Grants proposals are in partnership with Arizona Department of Environmental Quality and Arizona Department of Health Services. The five selected for the initial funding relate to:

- how to model and predict ozone layers;
- control and mitigation of valley fever;
- dealing with contamination chemicals within water supply in certain parts of Arizona;
- waste in abandoned mines; and
- how to better support a new model of recycling for local communities and towns

Regent DuVal further shared that additional department heads within state government have reached out and expressed interest for the next round of proposals and that the Regents Grants are having an impact on the relevance and the connectivity with state government and producing solutions for Arizona taxpayers.

Regent Dave congratulated President Robbins on the new immunology center that will be located at PBC and the importance of studying the immunome for every disease that exists.

AUDIT COMMITTEE

Report on the Audit Committee (Item 13)

Regent Shoopman reported that the Audit committee held a meeting on March 24, 2022. During the meeting the committee reviewed nine documents received from the office of the Auditor General. Three were follow-up reports on the performance audits of the ABOR Sunset Review, Affiliated Organizations and Commercial Real Estate. The audits were productive for the enterprise and provided findings and recommendations that will continue to improve the enterprise. A number of these audit recommendations have been implemented while others are still in process and the Audit Committee will continue to monitor. The other six documents were all related to the finalization of June 30, 2021 financial audits of the universities with no reportable findings. The committee expressed its appreciation of the three universities and their teams. The committee also reviewed written activity reports and received summary comments from the internal audit review board chairs and the chief audit executives. Eight internal audit reports were reviewed across all three universities. The committee has encouraged the university auditors work on reducing their backlogs and shared that ASU closed out eight items since the November meeting, NAU closed 17 and UArizona closed out 11. ASU and NAU chief auditors reported difficulties in recruiting staff to fill openings, which is a nationwide phenomenon and are exploring options. The staffing difficulties necessitates a delay in some projects and removal of other projects from the 2022 audit plans. ASU presented on risk management and provided an overview of the university's Enterprise Risk Management (ERM) program. During executive session ASU staff presented a more in-depth discussion of their university's risk profile and reviews of assignments were held with each of the university's chief auditors.

STUDENT REGENT REPORT

Regents Dave and Kanyur presented the Student Regent Report to the board. Regent Dave reported on the partnership with the Department of Economic Security (DES) and the focus on improving the FASFA completion rate. The partnership developed with the realization that a majority of SNAP students will be eligible for the Promise Program contingent on completion of FAFSA. The partnership's goal is to reduce barriers to completing FASFA, provide resources to aid in the completion process, and increase awareness among SNAP students' families regarding FAFSA and the Promise Program. Initial communications have been sent to 17- and 18-year-old students currently on SNAP that provide a link to the website where resources are available to aid in completing the FASFA process.

Regent Kanyur reported on the Basic Needs Task Force and the universities' approaches to food and housing insecurity. Further discussion on efforts by the universities is expected in upcoming meetings. The student regents continue to hold fireside chats with student leadership and will host transition meetings for new leadership at each university.

Regent Manson thanked Regent Dave for the idea to partner with DES.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Professor Kate Ellis expressed support for the board's position and actions to divest in Russian holdings in opposition of the war against Ukraine. The Arizona Faculties Council (AFC) requested the board clarify in board policy, the minimum vetting process in presenting a new program for board consideration. Consequently, the universities may adapt existing policies to ensure the process is followed. Professor Ellis commented that during the Academic Affairs Committee meeting, online metrics was discussed and a need for more robust goals with a higher goal trajectory was suggested by the committee. The AFC noted that some of the outcomes can be improved through faculty and student support staff efforts. Additionally, increasing the percentage of terminally degreed and benefit-eligible faculty, teaching online classes would help with outcomes. However, it was determined by the AFC that the board's expectations for increased metrics for credits completed in a year and stop-out behavior were unrealistic because of the diversity of an online student's needs, resources, and challenges. Professor Ellis assured the board that faculty and staff do everything in their power to ensure an online student's successful completion, but each unique student requires unique solutions and attention. The AFC suggests that Arizona develop new methods to track students and their engagement, attainment, and time-to-completion rates, particularly for those students in online higher education.

INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE ENTERPRISE EXECUTIVE COMMITTEE

Regent DuVal recognized the attendance of Regent Designees Brewster and Goodyear. Regent DuVal also expressed gratitude to Regents Shoopman and Ridenour who served honorably for eight years. Regent DuVal noted the growth of the universities, improvements

in outcomes and financial conditions and partnerships with Banner and PBC as a few of the universities' accomplishments during their service as board members.

Regent Manson announced that cart service is available for those attending the reception at the School of Art and that the board is scheduled to reconvene in executive session tomorrow morning at 9:00 a.m. in the Tucson Room for the review of assignments with President Crow, President Robbins and the remaining items on the executive session agenda. Regent Manson thanked President Robbins and his staff for hosting the meeting and further thanked Executive Director Arnold and the board staff for their work.

RECESS

The board recessed at 4:32 p.m.

Friday, April 8, 2022

RECONVENE EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.03(A), the board reconvened in executive session in the Tucson Room at 9:00 a.m. and discussed items identified on the executive session agenda.

ADJOURN

Executive session recessed at 12:40 p.m. and the board adjourned at 12:40 p.m.

Submitted by:

Suzanne Templin
Secretary to the Board

DRAFT
ARIZONA BOARD OF REGENTS
Minutes of a Special Board Meeting
Monday, April 25, 2022

A special board meeting of the Arizona Board of Regents was held virtually on Monday, April 25, 2022, at 2:00 p.m.

Members present via video: Regent Manson, Regent DuVal, Regent Herbold, Regent Mata, Regent Penley, Regent Pacheco, Regent Ridenour, Regent Shoopman, and Regent Kanyur.

Members absent: Regent Dave, Superintendent Hoffman, and Governor Ducey

Also present were: from Arizona State University: President Michael Crow, Christine Wilkinson, Jose Cardenas and Lisa Loo; from the University of Arizona: Jon Dudas; from the board office: Executive Director John Arnold, Jennifer Pollock, Samantha Blevins, Suzanne Templin, Tom Merriam, and Rachel Malefors.

CALL TO ORDER

Regent Manson called the meeting to order at 2:00 p.m. and confirmed there was a quorum.

Regent Manson noted that the board would be convening in executive session for discussion of the executive session item listed on the agenda.

Upon motion by Regent Penley, seconded by Regent DuVal, the board approved convening in executive session. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Herbold, and Pacheco, voted in favor. None opposed and none abstained. The motion carried. Public session recessed at 2:01 p.m.

EXECUTIVE SESSION

The board convened in executive session at 2:03 p.m.

RECONVENE PUBLIC MEETING

Regent Manson reconvened the public meeting at 2:24 p.m.

Members present via video: Regent Manson, Regent DuVal, Regent Herbold, Regent Mata, Regent Penley, Regent Pacheco, Regent Ridenour, Regent Shoopman, Regent Dave and Regent Kanyur.

Members absent: Superintendent Hoffman and Governor Ducey.

Also present were: from Arizona State University: President Michael Crow, Christine Wilkinson, and Jose Cardenas; from the board office: Executive Director John Arnold, Jennifer Pollock, Samantha Blevins, Suzanne Templin, Tom Merriam, and Rachel Malefors.

Discussion and authorization for the board's legal counsel, on the board's behalf, to join in a Stipulation of Dismissal of John P. Creer in *State of Arizona, ex rel. Mark Brnovich, Attorney General, v. Arizona Board of Regents; John P. Creer, Assistant Vice President for University Real Estate Development at ASU, Defendants, Paul D. Petersen, in his official capacity as Maricopa County Assessor, and Royce T. Flora, in his official capacity as Maricopa County Treasurer, Relief-Defendants.* (Case Nos. TX 2019-000011, 1 CA-TX 20-0003, CV-21-0134-PR and related filings and matters) (Item 1)

Regent Manson noted that the board convened in executive session earlier to receive legal advice and to discuss a Stipulation of Dismissal of John P. Creer in *State of Arizona, ex rel. Mark Brnovich, Attorney General, v. Arizona Board of Regents*, and that the board would be taking action based on those discussions.

Upon motion by Regent Manson, seconded by Regent DuVal, the board approved authorization for the board's legal counsel to join in a Stipulation of Dismissal of John P. Creer in *State of Arizona, ex rel. Mark Brnovich, Attorney General, v. Arizona Board of Regents* and to take any other action as necessary related to this item and as directed in executive session. Regents Manson, DuVal, Mata, Penley, Shoopman, Ridenour, Herbold, Pacheco, and Dave voted in favor. None opposed and none abstained. The motion carried.

ADJOURNMENT

The meeting adjourned 2:26 p.m.

Submitted by:

Rachel Malefors
Executive Assistant

EXECUTIVE SUMMARY

Item Name: Request for New Academic Program and Establishment of New Academic Organizational Unit for the University of Arizona

Action Item

Requested Action: The University of Arizona asks the board to approve one new academic program to take effect in academic year 2023-2024 and the establishment of one new academic organizational unit to take effect in academic year 2022-2023.

Background/History of Previous Board Action

As provided in the board policy, new program requests may be submitted throughout the year with the approval of the Academic Affairs and Educational Attainment Committee.

Discussion

The University of Arizona seeks to add one new academic program and establish one new academic unit for implementation as described below.

- BS in Nutrition and Human Performance – Fall 2023
- Department of Africana Studies – Fall 2022

All academic degree programs go through multiple review and approval processes to ensure their currency, quality, and relevance. Each year, the Provost initiates the academic planning process. The academic deans, in consultation with the directors of the academic units, submit information on all proposed new degrees, concentrations, minors, and certificates for the ensuing year, as well as changes to existing degree titles, program disestablishments, and creation of new organizations, organizational changes and disestablishments. Once reviewed and approved by the Provost, these initiatives begin the review process, including, as applicable, the curriculum committees in the academic unit, college, Graduate College, and University Senate. At each level, a substantive review of the proposed program is completed to ensure quality and to avoid redundancy with other programs. At any step in the approval process, programs can be tabled and/or returned to the academic unit for further clarification and/or revision.

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EXECUTIVE SUMMARY

Committee Review and Recommendation

The Academic Affairs and Educational Attainment Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for approval.

Statutory/Policy Requirements

ABOR Policy 2-223 “Academic Locations, Degree Programs and Organizational Units”

EXECUTIVE SUMMARY

Request to Establish New Academic Program in Arizona

University: University of Arizona

Name of Proposed Academic Program: BS in Nutrition and Human Performance			
Academic Department: School of Nutritional Sciences & Wellness			
Geographic Site: Tucson (Main campus)			
Instructional Modality: In-person			
Total Credit Hours: 120			
Proposed Inception Term: Fall 2023			
<p>Brief Program Description:</p> <p>Lifestyle factors including nutrition and physical activity play a large role in the prevention of chronic disease and healthy aging. The BS in Nutrition and Human Performance will prepare students for jobs in the health and fitness industry which are expected to grow over the next ten years. There has never been a greater need for professionals with training in these disciplines to help improve the health and physical performance of Americans throughout their lifespan and improve quality of life. As part of this degree, students will take general science, core nutrition, and exercise physiology courses as well as elective courses in business management and leadership; behavioral science; teaching and coaching; diversity, inclusivity, and ethics; and advanced sciences.</p> <p>This degree aligns with the College of Agriculture and Life Sciences strategic plan to offer applied degrees that put science to work. Currently there is not one all-encompassing degree at the University of Arizona focusing on the science of nutrition, physical activity, and lifestyle behavior modification to tackle the challenges of preventable chronic diseases that in some part stem from poor dietary habits and a sedentary lifestyle. Furthermore, this degree program aligns with the mission of the University of Arizona to lead the way in developing adaptive problem-solvers capable of tackling our greatest challenges by training students to use science-based practices in nutrition and physical activity to improve the health, wellness, and quality of life across the lifespan, and optimize physical performance in athlete populations.</p>			
<p>Learning Outcomes and Assessment Plan:</p> <table border="1"> <tr> <td>Learning Outcome #1: Students will be able to critically analyze and apply nutrition and exercise information to human performance.</td> </tr> <tr> <td>Concepts: Nutrition and human performance concepts, Critical analysis</td> </tr> <tr> <td>Competencies: Students will critically analyze the results of nutrition and exercise performance and apply these practical application skills to enhance human performance.</td> </tr> </table>	Learning Outcome #1: Students will be able to critically analyze and apply nutrition and exercise information to human performance.	Concepts: Nutrition and human performance concepts, Critical analysis	Competencies: Students will critically analyze the results of nutrition and exercise performance and apply these practical application skills to enhance human performance.
Learning Outcome #1: Students will be able to critically analyze and apply nutrition and exercise information to human performance.			
Concepts: Nutrition and human performance concepts, Critical analysis			
Competencies: Students will critically analyze the results of nutrition and exercise performance and apply these practical application skills to enhance human performance.			


EXECUTIVE SUMMARY

<p>Assessment Methods: This outcome will be assessed by faculty using real-life case studies designed to assess the synthesis of objective and subjective data and the ability to create a nutrition and exercise performance plan based on that assessment.</p>
<p>Measures: This learning outcome will be introduced in NSC 315 Sports Nutrition (quizzes, case studies, discussion posts), practiced in NSC 415R Advanced sports nutrition (exams, case studies) and assessed as part of the capstone course. Case studies assigned in the capstone course will be evaluated by faculty with a rubric to evaluate students in synthesis, critical thinking, and application. In addition, a student survey at graduation will ask students to self-assess their level of achievement of this learning outcome.</p>
<p>Learning Outcome #2: Students will be able to communicate effectively orally and in writing.</p>
<p>Concepts: Communicate nutrition, exercise, and human performance concepts</p>
<p>Competencies: Students will develop written and oral educational materials to communicate their knowledge of nutrition and exercise.</p>
<p>Assessment Methods: This outcome will be assessed by faculty using formal and informal written and verbal communication assignments such as essay questions, literature reviews, other writing assignments, and oral presentations.</p>
<p>Measures: This outcome will be introduced in NSC 101 Fundamentals of Human Nutrition; practiced in NSC 315 Sports Nutrition and NSC 415R Advanced Sports Nutrition as formal and informal writing assignments (written discussion posts, short answer worksheet questions, development of educational handouts and infographics, and oral presentations); and assessed by faculty teaching the experiential learning and capstone courses using rubrics to evaluate students' writing assignments and oral presentations (team talks). An Exit Survey distributed to graduating students will self-assess attainment of this outcome.</p>
<p>Learning Outcome #3 Students will be able to critically evaluate nutrition and exercise research.</p>
<p>Concepts: Critical evaluation of research</p>
<p>Competencies: Students will utilize critical thinking skills in evaluating nutrition and exercise-related research papers.</p>
<p>Assessment Methods: This outcome will be assessed by faculty using research quizzes, papers and journal club style discussions.</p>
<p>Measures: This outcome will be introduced in NSC 315 Sports Nutrition (research quizzes, paper summaries, etc.); practiced in NSC 415R Advanced Sports Nutrition (annotated bibliography, research evaluation quiz, research paper) and assessed by faculty teaching the capstone course using rubrics to evaluate students' critical thinking skills when applied to research evaluation (research paper). An Exit Survey distributed to graduating students will self-assess attainment of this outcome.</p>
<p>Learning Outcome #4 Students will be able to create nutrition and exercise strategies for improving health and human performance.</p>
<p>Concepts: Creativity, development of educational materials</p>
<p>Competencies: Students will apply concepts of problem-solving, coaching, and practical application skills to topics in nutrition and exercise.</p>
<p>Assessment Methods: This outcome will be assessed by faculty using rubrics through embedded assignments (case studies, nutrition and exercise program design and development, education material development).</p>

EXECUTIVE SUMMARY

<p>Measures: This outcome will be introduced in NSC 315 Sports Nutrition (case studies); practiced in NSC 415R Advanced Sports Nutrition (education material development, "team talks", training table menu planning, case studies) and assessed by faculty teaching the capstone course using rubrics to evaluate students' ability to develop health and performance strategies (case studies, presentations, infographic development). An Exit Survey distributed to graduating students will self-assess attainment of this outcome.</p>
<p>Learning Outcome #5 Students will be able to explain major principles related to nutrition, wellness, and human performance.</p>
<p>Concepts: Nutrition, wellness, human performance</p>
<p>Competencies: Through discussions of nutrition, physical activity and human performance topics, students will demonstrate self-development, ability to learn, and discipline skills.</p>
<p>Assessment Methods: This outcome will be assessed by faculty using rubrics through embedded assignments (quizzes, exams, discussion assignments). Students will complete a pre-test/post-test to gather evidence on growth from freshman to senior year and assess this outcome.</p>
<p>Measures: This outcome will be introduced in NSC 101 Fundamentals of Human Nutrition (Quizzes, diet record analysis, group discussions); practiced in NSC 315 Sports Nutrition and NSC 415R Advanced Sports Nutrition as exams, discussion posts, short answer worksheet questions, development of educational handouts and infographics, and oral presentations; and assessed by faculty teaching the experiential learning and capstone courses using rubrics to evaluate students' writing assignments and oral presentations. An Exit Survey distributed to graduating students will self-assess attainment of this outcome.</p>
<p>Additional Assessment Measures: Program assessment measures will include length of time to graduation and student program evaluations, data will be collected through annual internally generated statistics and the senior exit survey administered every spring semester. Job placement statistics and graduate program enrollment will be assessed at graduation through student surveys and from alumni via the CALS alumni survey.</p>

EXECUTIVE SUMMARY

University of Arizona AMS DEMO AREA					
BS Nutrition and Human Performance Courses and Activities Mapped to BS Nutrition and Human Performance					
	Outcome				
	Outcome 1 Critically analyze nutrition and exercise information and apply it to human performance.	Outcome 2 Communicate effectively orally and in writing	Outcome 3 Evaluate nutrition and exercise research	Outcome 4 Create nutrition and exercise strategies for improving health and human performance	Outcome 5 Explain major principles related to nutrition, wellness, and human performance.
Courses and Learning Activities					
NSC 101 Course assignments <small>Rubric scored assignments</small>		I			I
NSC 315 Course assignments	I	P	I	I	P
NSC 415 R & L Course assignments	P	P	P	P	P
NSC 498 Capstone	A	A	A	A	A
Survey Exit survey (Indirect)	A	A	A	A	A
Legend :	I	P	A	I/P	
	Introduced	Practiced	Assessed	Introduced/Prac	
Last Modified: 11/10/2021 11:38:19 AM					
Created with 					

Projected Enrollment for the First Three Years:

	1 st Year	2 nd Year	3 rd Year
Number of Students in major	25	45	65

Projected annual enrollment was determined using data from enrollment in our current Sports Nutrition minor; NSC 115 Personal Sports Nutrition; and a survey of current student interest in sports nutrition and human performance. The current Sports Nutrition minor was launched in Fall 2018 with 66 students enrolled during the 2018/2019 academic year. The academic year 2019/2020 saw 84 students enroll. NSC 115 Personal Sports Nutrition is a course focused on nutrition, human performance, and wellness and is offered every fall and spring semesters. Enrollment runs between 80-100 students every semester. SCS survey student responses and comments from NSC 115 indicate a strong interest in the topic and desire to continue studies in this area. Surveys of current nutrition students have repeatedly shown a strong interest in the area of nutrition and physical activity and how they relate to health and performance. Based on these programs, we estimate that we would have 25 incoming freshmen in fall 2023 and grow by 20 students a year, with around 65 majors in three years.

Evidence of Market Demand:

Nutrition and Human Performance graduates would be highly qualified to move on to graduate degrees in nutritional sciences, physical therapy, exercise physiology, and medicine. In addition, this degree will prepare students for jobs in the health and fitness industry including, but not limited to, Fitness Instructor; Personal Trainer; Health, Wellness,

EXECUTIVE SUMMARY

and Fitness Coach; Fitness and Wellness Coordinator; Corporate Fitness; Spa/Resort Fitness; Recreation/Fitness Program Director; and Community Health Worker.

A report generated from Program Insight, Burning Glass Technologies for careers in Arizona mapped to the CIP code 51.0001 Health and Wellness, General, (Fitness, Wellness Manager, Community Health Worker, Health Educator, Coach) indicates that there were 1,110 job postings in Arizona (37,987 Nationwide) in the last 12 months and that the number of jobs is expected to grow over the next ten years. They project an increase to over 3,000 jobs in Arizona (159,000 nationwide) by 2030. See tables below for more information.

Burning Glass Technologies reported that Arizona State University currently holds 100% of the market share for programs matched to this CIP code.

GROWTH BY GEOGRAPHY

Geography	Selected Occupations	Total Labor Market	Relative Growth
Arizona	16.03 %	16.80 %	Average
Nationwide	12.33 %	3.70 %	High

HOW HAS EMPLOYMENT CHANGED FOR CAREER OUTCOMES OF YOUR PROGRAM?

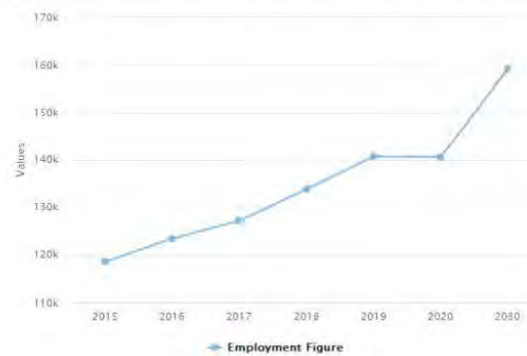
	2015	2016	2017	2018	2019	2020	2030
Employment (BLS)	2,492	2,933	3,034	2,935	2,983	2,937	3,505



Employment data between years 2020 and 2030 are projected figures.

HOW HAS EMPLOYMENT CHANGED FOR CAREER OUTCOMES OF YOUR PROGRAM?

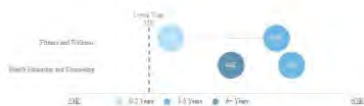
	2015	2016	2017	2018	2019	2020	2030
Employment (BLS)	118,576	123,439	127,194	133,787	140,660	140,535	159,196



Employment data between years 2020 and 2030 are projected figures.

WHAT SALARY WILL MY GRADUATES FIND UPON GRADUATION?

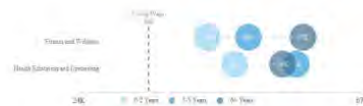
The median salary in **Arizona** for graduates of your program is **\$46K**.
 This average salary is **Above** the average living wage for Arizona of **\$33K**.



Salary numbers are based on Burning Glass models that consider advertised job posting salary, BLS data, and other proprietary and public sources of information.

WHAT SALARY WILL MY GRADUATES FIND UPON GRADUATION?

The median salary in **the nation** for graduates of your program is **\$48K**.
 This average salary is **Above** the average living wage for your region of **\$34K**.



Salary numbers are based on Burning Glass models that consider advertised job posting salary, BLS data, and other proprietary and public sources of information.

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Similar Programs Offered at Arizona Public Universities:		
ASU offers a <i>Bachelor of Science in Health Sciences - Healthy Lifestyles and Fitness Science</i>		
NAU offers a <i>Bachelor of Science in Health Sciences - Fitness Wellness</i>		
Objection(s) Raised by Another Arizona Public University?	YES	NO
If Yes, Response to Objections:		
New Resources Required? (i.e., faculty and administrative positions; infrastructure, etc.):		
This new program will require one new full time (1.0 FTE) faculty member (Professor of Practice) to develop and teach new courses in year one. We anticipate needing a half time (0.5 FTE) program coordinator in year 3 to help with program coordination, experiential learning, recruitment and retention, and other program needs.		
Plan to Request Program Fee/Differentiated Tuition?	YES	NO
Estimated Amount: \$250/semester		
Program Fee Justification:		
In order for Nutrition and Human Performance majors to have access to the same services as other NSC majors, they will need to pay the same program fee. All students majoring in Nutritional Sciences & Wellness degrees pay a program fee to help support student services including the Student Nutrition Advising Center (SNAC). SNAC serves as a centralized location for nutritional science majors to interact with our advising staff and their peers. SNAC also allows us to extend unique learning opportunities to students. It is supported in part by the program fee paid by department majors each semester. Some of the opportunities that SNAC provides to students include:		
<ul style="list-style-type: none"> • Advising Appointments and Walk-In Hours • Club Meetings • TA and Preceptor Office Hours • Exam Review Sessions (Scheduled by instructors) • Tutoring • Guest Lectures- Professionals are invited to speak to students about their profession or organization • Information Sessions-Speakers are invited to share more information on many different topics throughout the year. Examples of Information Session topics include- on campus resources, graduate programs, Nutrition Study Abroad and many more • Wellness and Social Activities- SNAC will occasionally host free activities such as yoga, group walks or mix & mingle events 		
Specialized Accreditation?	YES	NO
Accreditor: N/A		

EXECUTIVE SUMMARY

Request to Establish a New Academic Organizational Unit

University: University of Arizona

<p>Name of Organizational Unit:</p> <p>Current: Africana Studies Committee Proposed New: Department of Africana Studies</p>
<p>Academic Department: College of Humanities</p>
<p>Geographic Site: UA Main & Online</p>
<p>Proposed Inception Term: Fall 2022</p>
<p>Brief Description:</p> <p>The unit offers an interdisciplinary major (BA in Africana Studies), two minors (Africana Studies & Hip Hop Cultures), and various internships and study abroad opportunities. Particularly notable is its use of new technologies and its leadership in online offerings and digital humanities.</p>
<p>Reason for Establishing the Organizational Unit:</p> <p>The Africana Studies program has been operating much like an academic unit since 1989; specifically, it has housed faculty lines and has had the same budgetary and administrative structure as other departments at the university. In addition, like all University of Arizona academic programs, Africana Studies undergoes an Academic Program Review (APR) every seven years. The most recent APR took place in Fall 2020, and the reviewers recommended changing the name from “Africana Studies Program” to “Department of Africana Studies”. With the encouragement of Provost Liesl Folks and Dean A-P Durand in Spring 2021, the Africana Studies faculty voted unanimously in favor of officially changing their name from Africana Studies Program to Department of Africana Studies. A history of the program is as follows:</p> <p>1971: Committee on Black Studies is formed and oversees an African American Studies minor.</p> <p>1989: President Koffler expresses an intention to form a Black Studies department. He commits to hiring a director and adding 8 tenure-track faculty over the next 4 years.</p> <p>1990: “Committee on Black Studies” name changes to “Committee on African American Studies”.</p> <p>1994: Budgetary department and academic program move into the College of Humanities.</p> <p>1997: “African American Studies” name changes to “Africana Studies.”</p> <p>2005: B.A. in Africana Studies is created. (Planning authorization from ABOR was in 2002, according to Faculty Senate minutes.)</p> <p>2022: Currently, Africana Studies houses 13 faculty (see below) and has an annual budget of \$752,000.</p> <p>As of Spring 2022, Africana Studies has 13 tenured, tenure-track, and career-track faculty who teach courses and conduct research and public service in African, African diaspora, African American studies, and Hip-Hop studies. The names, ranks, and titles of primary</p>

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faculty of Africana Studies are listed under the heading "Faculty" on the Africana Studies website: <https://africana.arizona.edu/people/faculty>. All have an earned doctoral degree, and all but one are 1.0 FTE. Africana Studies faculty are active in applying for and winning grants to support research, teaching, and outreach.

Africana Studies supports the University's strategic plan by preparing students with the skills and mindsets to lead in the 4th Industrial Revolution, by supporting and strengthening the University's commitment to equity and diverse communities, and by contributing to research on both global and local topics related to Africa and the African diaspora.

Africana Studies is one of the most collaborative units in the School of International Languages, Literatures, and Cultures and in the College of Humanities. Africana Studies has become the hub for diversity, multiculturalism and collaborative teaching and research efforts. The diversity of courses offered, students enrolled in our classes and the faculty in Africana Studies make the program widely visible on campus. The program's collaborations with interdisciplinary programs such as global studies, border studies and gender studies are through a significant contribution of key courses. The unit's collaborations with non-academic centers on campus is growing, and currently includes the Center for Digital Humanities and the Poetry Center.

Resources

Given the current Africana Studies Committee has effectively operated as a department for many years, the current budget lines are sufficient to operate as a formal department.

EXECUTIVE SUMMARY

Item Name: Request for New Academic Program for Arizona State University

Action Item

Requested Action: Arizona State University asks the board to approve its new academic program request effective in academic year 2022-2023.

Background/History of Previous Board Action

As provided in the board policy, new academic program requests may be submitted throughout the year with the approval of the Academic Affairs and Educational Attainment Committee.

Discussion

Arizona State University is requesting a new BA in Applied Business and Technology Solutions, a degree designed to provide immediate access to business coursework contextualized by the work experiences of students. The degree will be open to all who meet university admission requirements, provide a customizable program to meet individual learner goals, and offer upskilling opportunities to students already working.

Committee Review and Recommendation

The Academic Affairs and Educational Attainment Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for approval.

Statutory/Policy Requirements

ABOR Policy 2-223 "Academic Locations, Degree Programs and Organizational Units"

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EXECUTIVE SUMMARY

Request to Establish New Academic Program in Arizona

University: Arizona State University

Name of Proposed Academic Program:
BA in Applied Business and Technology Solutions
Academic Department:
W. P. Carey School of Business
<i>Dean, W. P. Carey School of Business</i>
Geographic Site:
Downtown, Polytechnic, Tempe and West campus; Online
Instructional Modality:
Immersion and Online
Total Credit Hours:
120
Proposed Inception Term:
2022
Brief Program Description:
<p>The BA in Applied Business and Technology Solutions is designed to meet the needs of workforce learners who wish to complete an undergraduate degree in business. In this degree program, students will immediately take accounting, business analytics, computer information systems, economics, finance, management, marketing, process management, and business ethics courses and directly connect what is taught in the classroom to their working environment. Applied internship courses will be built into the curriculum to enable students to put what they are learning into practice, and emphasis areas will be added to allow the student to further customize the degree to their working environment. This program meets employees' and employers' needs by improving accessibility to business classes by utilizing fewer prerequisites and scaffolding skill development in diverse academic and professional contexts. The degree will be open to all who meet university admission requirements while providing a customizable program to meet individual learner goals.</p>
Learning Outcomes and Assessment Plan:
Learning Outcome 1: Students will evaluate a business problem and apply an appropriate technology/business software solution.

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- **Concepts:** problem identification, situational analysis, data analysis, decision-making, process improvement
- **Competencies:** Students will be able to identify and examine business threats, evaluate options/solutions, use appropriate technology/software to solve a problem and/or improve a business process, and draw conclusions using quantitative and qualitative analysis.
- **Process:** Students will complete an applied project in their capstone course WPC 494. Students will be assessed outside of the normal grading process on their ability to evaluate a business problem and apply business skills and technology to develop a solution. Faculty reviewers will be identified and assigned a portion of assignments for assessment (e.g. each faculty will be assigned and review 50 student assignments), using a 5-point rubric developed for assessment. This direct measure data, along with indirect measure data regarding critical thinking skills from ASU's Graduating Student Report Card and Undergraduate Alumni Survey will be aggregated for the degree program and overall results of this outcome will be shared with the academic unit as part of a continuous improvement effort. This information will also be employed by the administration as part of a school-wide assessment update and review. A faculty committee will use the assessment data and student and alumni survey data to determine whether curricular changes should be made and, if so, where in the curriculum that can and should happen.
- **Measures:** Students will complete an applied business project in WPC 494, the capstone course. They will be assessed on ability to evaluate a business problem and use technology in its solution. Assessment will be done using a 5-point rubric designed for assessment purposes, with a goal of 75% of students achieving 70% or higher. Additionally, on the Graduating Student Report Card and Undergraduate Alumni Survey, graduating students and alumni three-years post-graduation will evaluate how much their university experience equipped them with critical thinking skills. The goal is for 75% or more of respondents to select "quite a bit" or "very much."

Learning Outcome 2: Students will effectively communicate their understanding of a business situation in writing.

- **Concepts:** business communication, consideration of purpose and audience, organized and thorough presentation of ideas, readability

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- **Competencies:** Students will demonstrate the ability to write organized, clear and concise business communication. Students' written work will demonstrate purpose, be designed for the intended audience, and employ accepted grammar and style. Students will present an evaluation of a business situation with appropriate description and evaluation based in business theory.
- **Process:** As a final project in the business capstone, students will complete a written analysis of a business situation and proposed solution. The written work will be reviewed for assessment separate from course grading using a 5-point rubric focused on business communication skills. Faculty reviewers will be identified and assigned a portion of assignments for assessment (e.g. each faculty will be assigned and review 50 student assignments), using a 5-point rubric developed for assessment of communication. Course faculty will be assigned student work randomly for assessment review. Data will be compiled along with indirect measure data from the Graduating Student Report Card and Undergraduate Alumni Survey regarding exiting student and alumni ratings of how their communication skills were impacted by their ASU experience. It will be shared with the academic department, including a committee engaged in reviewing college-wide curriculum requirements, as part of an annual review to determine whether changes need to be made to curriculum.
- **Measures:** Written communication skills will be evaluated in the capstone course WPC 494 based on a written analysis of a business problem and solution using a 5-point rubric. The target performance is that 75% of student work will be scored 70% or higher using the rubric created for communication skills. Students graduating and those who graduated three-years earlier will be asked to rate how well ASU prepared them with communication skills on the University's Graduating Student Report Card and Undergraduate Alumni Survey. The target is that 75% of respondents will indicate that their experience prepared them with necessary communication skills "quite a bit" or "very much."

Learning Outcome 3: Students will demonstrate ethical awareness by recognizing and responding to ethical issues presented in business scenarios.

- **Concepts:** behavioral ethics, ethical dilemma analysis, ethical theories and tests
- **Competencies:** Students will be able to identify unethical business behavior, stakeholders and impacts of unethical behaviors on them, and understand the process to follow when analyzing an ethical problem. Students will understand various ethical models and how to apply them.

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- **Process:** Throughout the semester students enrolled in LES 305 will take a series of quizzes and tests through Canvas and will answer multiple questions from a larger question bank in each of these four categories: ethical issue spotting, steps to analyze ethical dilemmas, behavioral ethics, and ethical theories and tests. At the end of the semester, data for each student will be compiled to determine scores within each of the above categories. Additionally, indirect measures regarding ethics from ASU's Graduating Student Report Card and Undergraduate Alumni will be reported. The direct and indirect measures will be shared with the instructors of the LES course, assessment representatives for the program, and academic unit and school leadership to aid in annual review of curriculum.
- **Measures:** A series of quizzes and exams will be given via Canvas throughout the semester in LES 305. Students will answer questions tagged specifically for assessment. The performance target is that 75% of students will achieve 70% or greater on these questions. Additionally, graduating students and alumni will report on ASU's Graduating Student Report Card and Undergraduate Alumni Survey how much their ASU experience contributed to their ability to understand ethical standards in their field. The performance target is that 75% of respondents will select "Quite a bit" or "Very much."

Projected Enrollment for the First Three Years:

Year 1: 500

Year 2: 650

Year 3: 800

Evidence of Market Demand:

Corporate partners of the W. P. Carey School of Business regularly express interest in upskilling workers, indicating that employees need immediate access to critical business content including marketing, finance and management. Additionally, employers are stressing the need for data analytics skills which will be a cornerstone of this curriculum. This data analytics foundation, in lieu of calculus, will also be attractive to learners not coming directly from an educational institution who often seek to build math skills concomitant with completion of business coursework. This program will be open to all students who meet university admission criteria, creating greater access to students interested in business degrees.

According to the World Economic Forum, the rapid acceleration of automation and economic uncertainty will cause 85 million jobs to be displaced and 97 million new jobs to be created by 2025. Within Arizona, approximately 57% of the population has a high school diploma or some college but has not yet finished their bachelor's degree. For students pursuing business, the outlook is very positive. According to the

EXECUTIVE SUMMARY

<p>U.S. Bureau of Labor Statistics (BLS) Career outlook, employment in business occupations will grow 8% adding 750,800 jobs between 2020 – 2030. The Bureau of Labor Statistics also reports workers in the business field had an average earning of \$72,250 which was higher than the median annual wage for all occupations of \$41,950.</p>
<p>Similar Programs Offered at Arizona Public Universities:</p> <p>ASU, Northern Arizona University, and the University of Arizona each have business degrees with a strict hierarchy of prerequisites. This program is differentiated from these programs by leveraging a data analytics foundation that develops critical thinking skills. The core program will be different from W. P. Carey's traditional BA/BS programs, given its different prerequisite structure; however, the content will not be less rigorous. Courses will be offered by scholarly academic faculty to enable this program to meet AACSB accreditation standards. Additionally, our Career Management and Employer Engagement group will tailor career preparation courses and programs specifically for students in this program to help them take the next step in their careers.</p>
<p>Objection(s) Raised by Another Arizona Public University? YES NO</p> <p>Has another Arizona public university lodged a written objection to the proposed program with the proposing university and the Board of Regents within seven days of receiving notice of the proposed program?</p> <p>If Yes, Response to Objections: Please provide details of how the proposing university has addressed the objection. If the objection remains unresolved, please explain why it is in the best interests of the university system and the state that the Board override it.</p>
<p>New Resources Required? (i.e. faculty and administrative positions; infrastructure, etc.):</p> <p>Internal resources already allocated to the W. P. Carey School of Business will be reallocated to launch this program and student enrollment will support growth.</p>
<p>Program Fee/Differentiated Tuition Required? YES NO</p> <p>Estimated Amount: \$525 per semester</p> <p>Program Fee Justification:</p> <p>The fee listed above is part of ASU's existing college-fee tier system. Business programs are assessed the tier 4 fee.</p>
<p>Specialized Accreditation? YES NO</p> <p>Accreditor:</p>

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This degree program would be accredited by AACSB, the Association to Advance Collegiate Schools of Business.

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EXECUTIVE SUMMARY

Item Name: **Approval of List of Qualifying Examinations for High School and High School Teacher Incentive Bonuses**

Action Item

Requested Action: The board office asks the board to approve a revised list of qualifying examinations for incentive bonuses to schools and high school teachers for students that receive a passing score.

Background/History of Previous Board Action

In accordance with A.R.S. §15-249.06, each year the board is required to approve an updated list of qualifying examinations.

Discussion

- The College Credit by Examination Incentive Program requires the Arizona Department of Education to annually pay an incentive bonus to school districts and charter schools for each student in grades 9-12 who receive a passing score during the previous year on a qualifying examination.
- Each year, the list of exams is reviewed by each university's provost's office and the ABOR office for possible revisions.
- In order for an exam to be in the list, it has to have an equivalency (equivalency is the term used describing how a course offered by one university relates to a course offered by another) at all three universities. If it has equivalencies at only two of the universities in a previous year, it cannot be included on the list.
- ASU, NAU and UArizona do extensive and considerable work to align their equivalencies across the different exams in order for the list of courses to be included in the list of qualifying exams.
- The list of approved qualifying exams is sent to the Joint Legislative Budget Committee and the Arizona Department of Education prior to September 1 of each year.
- Approval of the academic year 2021-2022 list of qualifying exams is necessary to be in compliance with A.R.S. §15-249.06.

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EXECUTIVE SUMMARY

Summary of Changes to the List of Qualifying Exams

Based on university and ABOR office review, the following are proposed changes to the current list (attached) of qualifying exams:

It is recommended that the following exam be added to the list of qualifying exams:

International Baccalaureate: History, Asia, and Oceania HL

- History is an exploratory subject that fosters a sense of inquiry. It is also an interpretive discipline, allowing opportunity for engagement with multiple perspectives and opinions. Studying history develops an understanding of the past, which leads to a deeper understanding of the nature of humans and of the world today.
- The IB History course in Asia and Oceania is a world history course based on a comparative, multi-perspective approach to history and focused around key historical concepts such as change, causation and significance. It involves the study of a variety of types of history, including political, economic, social and cultural, encouraging students to think historically and to develop historical skills. In this way, the course involves a challenging and demanding critical exploration of the past.
- The course requires students to study and compare examples from different regions of the world, helping to foster international mindedness. Teachers have a great deal of freedom to choose relevant examples to explore with their students, helping to ensure that the course meets their students' needs and interests regardless of their location or context.

Committee Review and Recommendation

The Academic Affairs and Educational Attainment Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for approval.

Statutory/Policy Requirements

A.R.S. §15-249.06 College credit examination incentive program, incentive bonuses, report; program termination

ABOR Policy 2-224 "Academic Credit"

Credit by Exam List



Exam Type	Course and Exam Name	ASU Score	NAU Score	UA Score
Advanced Placement	Biology	3	3	3
Advanced Placement	Calculus AB	3	3	3
Advanced Placement	Calculus BC	3	3	3
Advanced Placement	Chemistry	4	4	4
Advanced Placement	Comparative Government & Politics	4	4	4
Advanced Placement	Computer Science A	4	4	4
Advanced Placement	Computer Science Principles	3	3	3
Advanced Placement	English Language and Composition	4	4	4
Advanced Placement	English Literature and Composition	4	4	4
Advanced Placement	Environmental Science	4	4	4
Advanced Placement	European History	4	4	4
Advanced Placement	Human Geography	4	4	4
Advanced Placement	Marcoeconomics	4	4	4
Advanced Placement	Microeconomics	4	4	4
Advanced Placement	Physics 1	4	4	4
Advanced Placement	Physics 2	4	4	4
Advanced Placement	Physics C: Electricity and Magnetism	3	3	3
Advanced Placement	Physics C: Mechanics	3	3	3
Advanced Placement	Psychology	4	4	4
Advanced Placement	Statistics	3	3	3
Advanced Placement	US Government & Politics	4	4	4
Advanced Placement	US History	4	4	4
Advanced Placement	World History	4	4	4
Cambridge International Exam	Biology A Level	E	E	E
Cambridge International Exam	Biology AS Level	E	E	E
Cambridge International Exam	Chemistry A Level	E	E	E
Cambridge International Exam	Chemistry AS Level	D	D	D
Cambridge International Exam	Computer Science A Level	E	E	E
Cambridge International Exam	Computer Science AS Level	E	E	E
Cambridge International Exam	Economics A Level	D	D	D
Cambridge International Exam	English Language A Level	E	E	E
Cambridge International Exam	English Literature A Level	E	E	E
Cambridge International Exam	Geography A Level	C	C	C
Cambridge International Exam	Geography AS Level	C	C	C
Cambridge International Exam	History A Level	C	C	C
Cambridge International Exam	History AS Level	C	C	C
Cambridge International Exam	Information Technology A Level	E	E	E
Cambridge International Exam	Information Technology AS Level	E	E	E
Cambridge International Exam	Mathematics A Level	E	E	E
Cambridge International Exam	Mathematics AS Level	E	E	E
Cambridge International Exam	Mathematics Further A Level	E	E	E
Cambridge International Exam	Psychology A Level	E	E	E

Cambridge International Exam	Psychology AS Level	E	E	E
International Baccalaureate	Biology HL	4	4	4
International Baccalaureate	Biology SL	4	4	4
International Baccalaureate	Chemistry HL	4	4	4
International Baccalaureate	Computer Science HL	5	5	5
International Baccalaureate	Computer Science SL	4	4	4
International Baccalaureate	Economics HL	5	5	5
International Baccalaureate	Environmental Systems and Societies	5	5	5
International Baccalaureate	Geography HL	5	5	5
International Baccalaureate	Geography SL	4	4	4
International Baccalaureate	Global Politics HL	4	4	4
International Baccalaureate	History SL	5	5	5
International Baccalaureate	History, Africa and the Middle East HL	5	5	5
International Baccalaureate	History, Americas HL	4	4	4
International Baccalaureate	History, Asia and Oceania HL	4	4	4
International Baccalaureate	History, Europe HL	4	4	4
International Baccalaureate	Information Technology in a Global Society HL	5	4	5
International Baccalaureate	Information Technology in a Global Society SL	5	5	5
International Baccalaureate	Language A: Language & Literature HL	5	5	5
International Baccalaureate	Language A: Literature HL	5	5	5
International Baccalaureate	Mathematics HL	5	5	5
International Baccalaureate	Mathematics: Analysis & Approaches HL	5	5	5
International Baccalaureate	Mathematics: Analysis & Approaches SL	5	5	5
International Baccalaureate	Mathematics: Applications & Interpretations HL	5	5	5
International Baccalaureate	Physics HL	5	5	5
International Baccalaureate	Physics SL	6	6	6
International Baccalaureate	Psychology HL	5	5	5
International Baccalaureate	Psychology SL	4	4	4
International Baccalaureate	Social and Cultural Anthropology HL	4	4	4
International Baccalaureate	Social and Cultural Anthropology SL	5	5	5
International Baccalaureate	World Religions SL	5	5	5

New items are highlighted

EXECUTIVE SUMMARY

Item Name: Proposed Revision to ABOR Policy 6-201 “Conditions of Faculty Service” (First Reading)

Action Item

Requested Action: The board office asks the board to review on first reading the proposed revisions to ABOR Policy 6-201 “Conditions of Faculty Service”.

Background/History of Previous Board Action

The board’s Conditions of Faculty Service policy delineates the types of faculty appointments at Arizona’s public universities. For nontenured or nontenure-eligible faculty members, these titles currently include lecturers, senior lecturers and principal lecturers, professors of practice, research professors, or clinical professors.

Faculty Notice of Appointments incorporate the conditions referenced in the policy and the conditions codified in the policy govern the faculty employment relationship.

The three universities are requesting that the board revise the types of faculty appointments for nontenured or nontenure-eligible faculty members to include the title of teaching professor.

Discussion

In current policy there is no category of non-tenure track faculty appointments using the “professor” series of titles for faculty members whose primary responsibility is teaching undergraduate, graduate or clinical courses. Adding the teaching professor category (with assistant, associate and full ranks) recognizes the important role in which teaching faculty serve, underscores the central importance of the teaching mission at our institutions, and brings our universities in-line with evolving national practices in professional nomenclature.

Current policy includes multi-year non-tenure track categories, and institutions have had to adapt such titles for teaching-related appointments in the absence of a formal teaching professor category. While current policy includes teaching-focused titles such as instructor and the ranked lecturer series (lecturer, senior lecturer and principal lecturer), the latter titles are becoming outmoded and are less attractive for recruiting and retaining the best teaching faculty. Adding the teaching professor title series will

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EXECUTIVE SUMMARY

address this issue. It will also have important symbolic value, recognizing the value of teaching along with research and clinical activity.

NAU originally brought forward the proposed changes, which are supported by ASU and UArizona – the three universities have joined in making this proposal together. In originating the proposed changes, NAU commissioned a task force to examine the issue and produce a set of recommendations that incorporate exemplar designs across other higher-education institutions. Subsequent deliberations with faculty shaped details regarding how NAU would implement the plan locally and differentiate it from the lecturer track. At NAU, the addition of the teaching professor track will be linked with practices of assignment of effort and salary benchmarks for lecturers as well as teaching professors.

If approved, ASU and UArizona are expected to follow a similar implementation to differentiate and coordinate the new track from other teaching-related appointments.

The provosts have consulted with shared governance faculty leadership at each institution, which have not objected to the proposed changes.

Committee Review and Recommendation

The Academic Affairs and Educational Attainment Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for first reading.

Statutory/Policy Requirements

A.R.S §15-1626 “General Administrative Powers and Duties of Board.”

EXECUTIVE SUMMARY

ARTICLE B. FACULTY

6-201 Conditions of Faculty Service

A. Preamble

The Arizona Board of Regents is entrusted by the people of the State of Arizona with the responsibility for developing and maintaining a system of higher education that provides an opportunity for education to all persons, explores and expands the frontiers of knowledge, and serves to improve the quality of life for the people of the state. In pursuit of these responsibilities, the Board is committed to the development and maintenance of an outstanding university system characterized by sound academic programs, distinguished faculty, institutional diversity, fully equipped facilities, and an open and stimulating environment for learning, teaching, research and service to the public.

It is the policy of the Board to provide access to the university system to all qualified persons in Arizona, to provide equal employment opportunities and due process for its employees, to promote freedom of inquiry, search and exposition of truth and to involve the faculty in the formulation of educational policy and the governance of the universities.

The Board recognizes that Arizona universities have long adhered to the honorable tradition of academic freedom in teaching, research and service and reaffirms that the process of faculty participation and consultation in matters of academic policy is a valuable tradition that must be preserved. The faculties of the respective universities have a correlative duty to share in the responsibilities and obligations of governance and administration.

To these ends, the Board of Regents establishes these Conditions of Faculty Service (6-201) for the Arizona universities.

B. Purpose

1. These Conditions of Faculty Service (6-201) constitute the conditions of employment as a faculty member. Every Notice of Appointment shall incorporate these conditions by reference and shall provide that acceptance of the appointment is recognition that these conditions govern the employment relationship.
2. The Board of Regents is charged by law to exercise control and supervision of each university. Any authority delegated by the Board shall

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always be subject to the ultimate authority of the Board. The Board shall retain the right of periodic review and modification of all aspects of governance of the universities, and the right to enact such rules, regulations, policies and orders as it deems proper, subject to the rule making procedures set forth in the Board Policy Manual.

3. The Board and the universities may adopt additional rules to govern the employment relationship. Such rules may be modified in accordance with rule making procedures, where applicable, established by the Board and/or the individual universities, which include opportunities for appropriate involvement by representatives of each university's Faculty Senate.

C. Definitions

in this section, unless the context otherwise requires:

1. "Academic Year" means the period commencing and ending with each university's academic calendar.
2. "Appointment" means employment for a period as specified in a Notice of Appointment. The term refers to both the initial appointments and all subsequent appointments, reappointments or renewals of appointments.
3. "Board" means the Arizona Board of Regents.
4. "Clinical Professor" means a non-tenured, non-tenure eligible faculty member who has established himself or herself by professional experience and expertise over a sustained period of time to be qualified to teach or manage practicum, internship, or practice components of degree programs but who may not have substantial academic experience. The primary responsibilities of this position are teaching or managing students in the practice requirements of their degree programs in a manner that advances the educational mission of the university in a significant or substantial way.
5. "Committee on Academic Freedom and Tenure (CAFT)" means a committee selected by the faculty under procedures determined by each university. Responsibilities of the committee include, but are not limited to, the conduct of hearings in accordance with ABOR Policy 6-201L. and M. (Conditions of Faculty Service, Hearing Procedures for Faculty and Procedure to Review Allegedly Discriminatory or Unconstitutional Action (Including Violations of Due Process or Academic Freedom)).

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6. "Day" means calendar day, except that where the last day of any specific time period falls on a Saturday, a Sunday or a university-recognized holiday, then the time period shall run until 5:00 p.m., of the next day which is not a Saturday, a Sunday or a university-recognized holiday.
7. "Discriminatory Action" means an employment action that constitutes discrimination on the basis of gender, race, color, national origin, religion, age, veteran status, sexual orientation or qualified handicapped status, or any other discrimination prohibited by State or Federal law.
8. "Faculty" means all faculty members at a university.
9. "Faculty member" means an employee of the Board whose Notice of Appointment is as lecturer, senior lecturer, principal lecturer, instructor, TEACHING PROFESSOR, assistant professor, associate professor, professor, professor practice, research professor, clinical professor or Regents Professor or whose Notice of Appointment otherwise expressly designates a faculty position. Graduate students who serve as teaching or research assistants, associates or otherwise, are academic appointees as well as graduate students but are not faculty members.
10. "Fiscal Year" means a period of twelve (12) months commencing on July 1.
11. "Lecturer," "Senior Lecturer," ~~or~~ "Principal Lecturer," OR "TEACHING PROFESSOR" means a non-tenured faculty member whose primary responsibility is teaching undergraduate, graduate or clinical courses.
12. "Multiple-year Appointment" means an appointment to a faculty position as a lecturer/senior lecturer/principal lecturer, assistant/associate/full professor of practice, ASSISTANT/ASSOCIATE/FULL TEACHING PROFESSOR, assistant/associate/full research professor or assistant/associate/full clinical professor, as defined herein, for a period more than one academic or fiscal year but not more than three academic or fiscal years.
13. "Notice of Appointment" means the document by which an appointment is made to a faculty position, which is signed by the president of the university, or designee and which is more fully described in ABOR Policy 6-201D.6., (Conditions of Faculty Service, Appointment Procedures).

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14. "President" or "University President" means the president of a university or the president's designated representative.
15. "Professor of Practice" is a non-tenured, non-tenure eligible faculty member who has established himself or herself by expertise, achievements and reputation over a sustained period of time to be a distinguished professional in an area of practice or discipline but who may not have substantial academic experience. The primary responsibilities of this position are teaching courses, including seminars and independent studies, to undergraduates and graduate students in a manner that advances the educational mission of the university in a significant or substantial way.
16. "Renewal" means the process by which an appointment is extended for an additional period.
17. "Research Professor" means a non-tenured, non-tenure eligible faculty member who has established himself or herself by expertise, achievements and reputation over a sustained period of time to be a distinguished scholar and a researcher but who may not have substantial academic experience. The primary responsibilities of this position are to engage in, be responsible for or oversee a significant area of research or scholarship in a manner that advances the mission of the university in a significant and substantial way.
18. "Rule" means a written statement of general applicability that implements, interprets or prescribes law or policy, or describes the procedure to be utilized in implementing law or policy.
19. "Tenure" is the employment status awarded by a president to a faculty member who has demonstrated excellence in teaching, research, and service in accordance with criteria established by each university. The status of tenure creates a legitimate claim of entitlement to continued employment unless the tenured faculty member is dismissed or released in accordance with ABOR Policy 6-201H., J., or K., (Conditions of Faculty Service, Post-Tenure Review, Dismissal or Suspension, or Release of Faculty for Reorganization Caused by Budgetary Reasons or Programmatic Changes), of these conditions.
20. "Tenured" means having tenure.
21. "Tenure-eligible" means having an opportunity to be reviewed for tenure.

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22. "University" means the University of Arizona, Arizona State University, Northern Arizona University or any other university under the jurisdiction of the Board.
 23. "Volunteer Faculty Members."
 - a. Those individuals who voluntarily provide substantial and significant services to a university as preceptors, teachers or researchers on whom a university wishes to confer a faculty title (through an approval process established by the university) to reflect the contributions these individuals make.
 - b. Volunteer Faculty
 - (1) Are not employees of the Board of Regents or a university,
 - (2) Will have no expectation of future employment with the Board of Regents or a university,
 - (3) Will not be entitled to any of the rights afforded other faculty members under either this chapter or relevant faculty handbooks applicable to university faculty members,
 - (4) Will not be considered members of a university's general faculty, and
 - (5) Will receive no compensation for their services, nor be part of the faculty governance system except to the extent permitted by the bylaws of a particular college.
 - c. Volunteer faculty may be eligible for a change in title reflecting greater contributions they make to the university in accordance with university or college policies, but are not tenure-eligible or eligible for any other tenure-eligible or tenured faculty benefits such as sabbaticals.
 - d. A volunteer faculty member's title may be withdrawn at any time by the President in his sole discretion without cause, notice or due process.
 - e. Each university will determine what, if any non-salary, non-compensation amenities will accrue to its volunteer faculty and provide them documentation that contains the conditions of their volunteer service, including any amenities to which they may be entitled.
- D. Appointment Procedures

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1. Each university president shall establish written procedures through which faculty, heads of academic units, and deans shall have opportunity for effective participation in deliberations leading to recommendations for appointment of faculty members.
2. Faculty appointments made without Board approval.
 - a. A university president may appoint faculty members without Board approval provided that in each instance:
 - (1) The appointment is for an academic year beginning on or about August 15, a fiscal year beginning July 1, or a portion of such academic or fiscal year; or the appointment is for a multiple-year term as provided for in ABOR Policy 6-201D.4., and 5., (Conditions of Faculty Service, Appointment Procedures);
 - (2) The appointment is documented by a Notice of Appointment as required in ABOR Policy 6-201D.6 (Conditions of Faculty Service, Appointment Procedures), which is accepted in writing by the prospective faculty member as required in ABOR Policy 6-201D.7 (Conditions of Faculty Service, Appointment Procedures);
 - (3) Any salary provided in connection with the appointment does not exceed the maximum salary level set by the Board; and
 - (4) Funds for such an appointment are available from an authorized source.
 - b. The appointment is effective on the date written acceptance of the Notice of Appointment is received by the university office designated to receive such acceptance unless a subsequent date is specified in the Notice of Appointment.
3. Faculty appointments made with Board approval
 - a. An appointment at a salary in excess of the maximum salary level shall be made only with the approval of the Board.
 - b. The appointment shall not be effective until a written acceptance of the Notice of Appointment is received by the university official

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designated to receive such acceptances and the appointment has been approved by the Board.

4. Lecturers, senior lecturers and principal lecturers may be offered one year or multiple year appointments. A multiple-year appointment may be renewed at the end of the appointment period for another multiple-year appointment or for a single year appointment. In accordance with procedures adopted by each university, review for renewal will be conducted during the year prior to the final year. There is no limit on the number of renewals. No multiple-year appointment shall become effective until approved by the university president.
5. Professors of practice, TEACHING PROFESSORS, research professors, or clinical professors may be offered one-year or multiple-year appointments. Appointments may be at the rank of assistant, associate or (full) professor. In accordance with procedures adopted by each university, review for renewal of the appointment will be conducted during the year prior to the final year. There is no limit on the number of renewals. No multiple-year appointment shall become effective until approved by the university president.
6. The Notice of Appointment constitutes the employment contract of the person named in the notice when accepted in writing by the person so named. All notices of appointment shall at a minimum:
 - a. Be in writing and signed by the president or designee;
 - b. State the name of the faculty member and the period of the appointment and the salary, if any, to be paid;
 - c. State the type of faculty appointment and indicate whether the appointment is "with tenure" or is "tenure-eligible" or "non tenure-eligible";
 - d. Where appropriate for non tenure-eligible faculty, the Notice of Appointment or offer letter shall state that the appointment is dependent for continuation upon funding from a specific source other than state appropriations and that the appointment may terminate prior to the end of the designated contract period if funding is no longer available; and
 - e. State that these conditions of faculty service are incorporated by reference, as are other applicable rules of the Board or university.

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7. A faculty member shall accept his or her appointment by signing and returning the Notice of Appointment to the designated university official no later than: (1) fourteen (14) days following the date on which the notice was posted or personally delivered if the appointment is for a fiscal year; or (2) thirty (30) days following the date on which the notice was posted or personally delivered if the appointment is for an academic year. Signatures by those holding valid powers of attorney shall be accepted as those of faculty members. If a faculty member fails to return a signed Notice of Appointment within the required time frame, the appointment may be rescinded, except that for good cause demonstrated by the faculty member the president shall cancel the rescission. Disagreement with the terms of the appointment shall not be deemed good cause, but neither the offer of nor the signing of the Notice of Appointment shall constitute an agreement as to demonstrated typographical or clerical errors contained in the notice, nor shall signing the Notice of Appointment waive the right of the faculty member to pursue a disagreement with respect to the offer for any other reason. Each faculty member shall be responsible for notifying the university of a mailing address where the Notice of Appointment is to be sent.
 8. No oral or written communication made prior to or after the execution of a Notice of Appointment that is inconsistent or in conflict with the Conditions of Faculty Service (6-201) or other Board or university rules shall become a part of the conditions of employment.
 9. Whether or not an annual salary adjustment has been included in the annual Notice of Appointment, acceptance of the Notice of Appointment shall not waive the faculty member's right to request a review of a salary adjustment in accordance with the university procedure for such a review.
 10. Regardless of the terms of the notice of appointment, a faculty member may be placed on furlough under a furlough plan approved pursuant to Board policy 6-810.
- E. Types of Faculty Appointments
1. Any person appointed as an Assistant Professor, Associate Professor or Professor is either tenured or tenure-eligible as designated by the Notice of Appointment, except as provided in ABOR Policy 6-201E.2. (Conditions of Faculty Service, Types of Faculty Appointments).

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2. Any person appointed to a faculty position designated as "visiting," "adjunct," "TEACHING," "research," "clinical", or such other title(s) as may be designated by each university, shall not be tenured or tenure eligible and shall have no expectation of continued employment beyond the end of the current appointment period.
3. Any person appointed as an instructor may or may not be tenure-eligible as designated by the Notice of Appointment.
4. Any person whose appointment is designated tenure-eligible shall have no legal right of continuity in his or her position beyond the current period of appointment but will be reviewed for renewal or tenure in accordance with procedures adopted by each university.
5. A tenure-eligible faculty member who has worked beyond the second year and who receives an adverse renewal or tenure decision shall be given a terminal year appointment. University policies may provide for a shorter notice of non-renewal in the first or second years.
6. Any person appointed as a lecturer, senior lecturer, or principal lecturer shall have no expectation of continued employment beyond the end of the current appointment period, with the exception of those individuals who have previously attained tenure prior to the 1991-92 appointment period. Lecturers, senior lecturers and principal lecturers may receive a multiple-year appointment.
7. Any person appointed on a multiple-year appointment as a professor of practice, TEACHING PROFESSOR, research professor, or clinical professor shall have no expectation of continued employment beyond the end of the current appointment period.
8. Any person appointed to a faculty position, except those faculty members who have attained tenure status, whose appointment is dependent for continuation upon funding from a specific source other than state appropriations, shall have no expectation of continued employment if such funding is no longer available.
9. A faculty member may hold a nonfaculty appointment concurrent with a faculty appointment. Only the faculty appointment shall be subject to the conditions of faculty service.
10. Except as otherwise provided in ABOR Policy 6-208 (Honored Faculty Positions), an honorary, courtesy or other non-earned faculty appointment

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is not an appointment to a tenure-eligible position. No compensation shall be provided in connection with such an appointment and such appointment may be terminated at any time at the discretion of the university president.

11. At each university, the total number of multiple-year appointments as lecturers, senior lecturers, principal lecturer, professors of practice, TEACHING PROFESSORS, research professors and clinical professors may not exceed fifteen percent (15%) of the number of tenure track faculty, both tenured and tenure eligible.

F. Faculty Compensation, Employment-Related Benefits and Board Policies

1. Maximum and minimum salary scales for Associate Professors, Assistant Professors, senior lecturers, lecturers, and instructors, and minimum salary scales for professors are set by the Board. The president shall approve individual salaries within those scales or as otherwise approved by the Board. Salary adjustments will depend upon available funding and are allocated by the president within the limitation of available funds and based on the provisions in ABOR Policy 6-211 (Evaluation of Faculty) and ABOR Policy 6-901 (Salary Increases).
2. Employment-related benefits are made available to faculty members as a matter of State law or Board policy and are subject to change by the Legislature or the Board.
3. Each university shall maintain a compilation of such employment-related benefits and policies and shall make good faith efforts to inform the faculty of their existence.
4. Policies governing outside activities and supplementary compensation are administered by each university.

G. Duties and Responsibilities

Duties of a faculty member shall consist of those responsibilities assigned by the president of the university or an appropriate administrator, such as a vice president, dean, director or department head/chair. Teaching assignments, schedules and other instructional responsibilities shall be carried out under the direction of the president. Duties and responsibilities shall be related to the expertise and competence of the faculty members and may include sponsored or unsponsored research projects, service activities, or administrative functions.

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Assigned duties may include assisting with efforts to achieve university or departmental goals related to affirmative action, including participation in student recruitment and retention programs directed at economically disadvantaged, minority, and underrepresented student populations. Teaching (including advising), research, and service performance shall be subject to evaluation by the president and performance shall be considered in decisions relating to compensation, renewal, promotion, tenure or termination.

H. Post-Tenure Review

1. Elements of Post-Tenure Review Process

The purpose of the post-tenure review process is to provide accountability through emphasis on sustained high quality performance and opportunities for continued faculty development, and to provide additional accountability to the university community, to the public, and to the Board.

Each university shall design and implement a post-tenure review process for all tenured faculty members in accordance with Board approved guidelines ("Common Elements of the Post-Tenure Review Process). The post-tenure review process at each university shall include the following essential elements:

- a. Annual performance evaluations for all tenured faculty members shall be conducted by unit heads and/or peer committees, appropriate administrators and incorporate student input.
- b. A faculty member's performance shall be evaluated based upon written expectations agreed to between the faculty member and the unit head and by reference to performance standards developed by each academic unit.
- c. A faculty member who is determined to be performing at an unsatisfactory level shall be required to participate in developing and implementing a plan designed to improve his or her performance; the plan shall include specific goals, timelines, and benchmarks that will be used to measure progress at periodic intervals.
- d. Failure to achieve the goals prescribed in the performance improvement plan in a timely manner shall result in a recommendation for dismissal.

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- e. A faculty member who is recommended for dismissal as a result of the post-tenure review process shall have an opportunity to challenge the recommendation as prescribed in ABOR Policy 6-201L., (Conditions of Faculty Service, Hearing Procedures for Faculty).

2. **Accountability Mechanisms**

The universities shall maintain detailed information on the results of the post-tenure process and results shall be presented to the Board upon request of either the President or Chair of the Board. The specific data to be included in these reports is prescribed in the Board approved guidelines described above.

- I. **Promotion, Tenure, and Renewal**

1. Decisions relating to promotion, tenure, and renewal shall be made in accordance with university rules and procedures. These rules and procedures shall be developed in consultation with the faculty senate and approved by the president. The final decisions on promotion, tenure and renewal shall be made by the university president after considering all evaluations, recommendations and other evidence submitted. A tenured or tenure-eligible faculty member who receives an adverse decision on any of these matters is entitled upon request to a written summary of the reasons for the final decision from the president.
2. Lecturers, senior lecturers or principal lecturers may apply for tenure-eligible positions for which they are appropriately qualified and tenure-eligible faculty may apply for lecturer, senior lecturer or principal lecturer positions. In neither instance, however, would special priority be given in the selection process.
3. University rules and procedures applicable to tenure-eligible faculty members shall include (1) a maximum probationary period no longer than seven (7) years in full-time service at tenure-eligible rank, except in cases of waiver by the president for an individual faculty member, or as provided by policies established by the university to extend the period for individual faculty members facing adverse circumstances; (2) a mandatory periodic review; and (3) provisions to cover situations in which the faculty member's assignment is changed. A tenure-eligible faculty member shall have no expectation of renewal for the maximum probationary period.

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4.
 - a. Written criteria shall be developed at each university in consultation with elected faculty members of the faculty senate and approved by the university president to be applied to all decisions on promotion, tenure and renewal. These criteria shall include such considerations as teaching effectiveness (including quality of advising); quality of scholarly research, publication, or creative endeavors; and the quality of service rendered to the profession, the university, and to the community as it relates to the mission of the university. The primary criterion for the evaluation of lecturers, senior lecturers or principal lecturers, AND ASSISTANT TEACHING PROFESSORS, ASSOCIATE TEACHING PROFESSORS, OR TEACHING PROFESSORS, shall be teaching effectiveness.
 - b. The contract of a tenure-eligible faculty member is renewed, and tenure and promotion are granted, on the basis of excellent performance and the promise of continued excellence. The denial of, tenure or renewal, however, need not be construed as due to failure or poor performance on the faculty member's part. Considerations such as the need for a different area of specialization or for new emphases; the lack of a continuing position; the need to shift a position or resources to another department; or the opportunity for an alternative program in teaching, research, or service may dictate that the individual not be renewed, granted tenure, or promoted.
 5. Attainment of tenure can only occur through specific notification from the president and may not result from inaction or inadvertence. A faculty member who is granted tenure is entitled to said status at the commencement of the appointment period immediately following the decision.
 6. Renewal of a fixed-term appointment shall occur only with the approval of the president and may not result from inaction or inadvertence.
- J. Dismissal or Suspension
1. Tenured Faculty Members
 - a. Tenured faculty members shall not be dismissed or suspended without pay except for just cause. Such dismissal or suspension may take effect only following an opportunity for the faculty member

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to utilize the conciliation/mediation and hearing procedures as prescribed in ABOR Policy 6-201L.3 and L.4 (Conditions of Faculty Service; Hearing Procedures for Faculty, Conciliation/Mediation and Hearing).

- b. Just cause shall include, but not be limited to, demonstrated incompetence or dishonesty in professional activities related to teaching, research, publication, other creative endeavors, or service to the university community; unsatisfactory performance over a specified period of time and a failure to improve that performance to a satisfactory level after being provided a reasonable opportunity to do so by the university, as demonstrated through the board-approved post-tenure review process; substantial neglect of or refusal to carry out properly assigned duties; personal conduct that substantially impairs the individual's fulfillment of properly assigned duties and responsibilities; moral turpitude; misrepresentation in securing an appointment, promotion, or tenure at the university; or proven violation of Board or university rules and regulations (including the code of conduct or any other disciplinary rules), depending upon the gravity of the offense, its repetition, or its negative consequences upon others.
- c. The inability to perform assigned duties due to physical or mental incapacity may be deemed just cause for dismissal or suspension without pay, but only in accordance with university policies governing leaves of absence without pay established pursuant to ABOR Policy 6-805 (Leave of Absence Without Pay).

2. Nontenured Faculty Members

- a. Nontenured faculty members may be dismissed or suspended without pay during an appointment period only after a finding of just cause as defined in ABOR Policy 6-201J.1, (Conditions of Faculty Service; Dismissal or Suspension, Tenured Faculty Members) Except that "unsatisfactory performance" will be demonstrated through the review procedures for tenure-eligible and nontenure-eligible faculty duly adopted on each campus. Such dismissal or suspension may take effect only following an opportunity for the faculty member to utilize the conciliation/mediation and hearing procedures as prescribed in ABOR Policy 6-201L.3. and L.4. (Conditions of Faculty Service; Hearing Procedures for Faculty, Conciliation/Mediation, and Hearing).

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- b. A university president may decide not to renew the appointment of any nontenured faculty member. The president shall make such decision after receiving recommendations from the appropriate department and college. A nontenured faculty member has no expectation of continued employment and shall not be entitled to a hearing following or prior to a decision of nonrenewal except as provided in ABOR Policy 6-201M.1., (Conditions of Faculty Service, Procedure to Review Allegedly Discriminatory or Unconstitutional Action (Including Violations of Due Process or Academic Freedom)). Upon request, a tenure-eligible faculty member whose appointment is not renewed shall be entitled to a statement of reasons in writing for that action from the president.
3. Leave with Pay
- a. A faculty member may be placed on leave with pay only if it is determined by the president that the faculty member's continued presence on the university campus is likely to constitute a substantial interference with the orderly functioning of the university or a department or unit thereof.
 - b. Except as provided in ABOR Policy 6-201J.3.c (Conditions of Faculty Service, Dismissal or Suspension, Leave with Pay), the decision to place a faculty member on leave with pay:
 - (1) May be made only after the faculty member has been provided an opportunity to respond to the allegations; and
 - (2) Shall be promptly communicated in writing to the faculty member.
 - c. In exceptional cases, when the president makes a written finding that release of information relating to the substance or source of the allegations may compromise the investigation of such allegations, the university may limit or deny the faculty member's opportunity to respond to the allegations for a period of time not to exceed fifteen (15) working days while the investigation proceeds.
 - d. The period of leave may extend no longer than the duration of an investigation to determine if there is just cause for dismissal or suspension without pay, except that if the investigation leads to a recommendation for dismissal or suspension without pay, then the period of leave may extend through the final resolution of the

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hearing procedures discussed in ABOR Policy 6-201L., (Conditions of Faculty Service, Hearing Procedures for Faculty)

- e. Placement on leave with pay status shall not be considered a disciplinary sanction.
- f. A faculty member who is placed on leave with pay shall continue to receive full salary and benefits during the term of the leave.

K. Release of Faculty for Reorganization Caused by Budgetary Reasons or Programmatic Changes

- 1. A release pursuant to this section is designated a "release for reorganization."
- 2. Release of tenured faculty members, or release of nontenured faculty members prior to the end of the appointment period, may occur upon reorganization when determined to be necessary due to budgetary or programmatic considerations requiring program discontinuance, curtailment, modification or redirection.
- 3. When the reorganization proposed by the administration calls for the release of any tenured faculty member or nontenured faculty member before the end of an appointment term, the following procedures shall be observed:
 - a. The president shall ask the faculty senate to designate a review committee composed of faculty and students to review and evaluate the proposed plan for reorganization. The committee's review shall include a public forum to provide an opportunity for all members of the university community to present their views on the impact of the proposed reorganization.
 - b. Each faculty member whose position may be affected by the proposed reorganization shall be notified promptly in writing of the proposed action and shall be given an early opportunity to present his or her views in person to the review committee and to the responsible administrator. Any written statement submitted by the faculty member shall become part of the official record.
 - c. The review committee shall provide the president with a written evaluation of the proposed reorganization no later than ninety (90) days following the president's request, unless the president

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specifically requests that the evaluation be provided in a shorter period. This evaluation shall include an assessment of the impact of the proposed reorganization upon students, faculty and staff, the university as a whole, related activities outside the university, and the interest of higher education within the state. The committee shall maintain a record of its proceedings, including all written documents and statements submitted to it.

- d. The president shall decide whether or not to recommend the reorganization following receipt of the review committee's evaluation. If the president rejects the committee's evaluation, the president shall furnish the committee a written statement of the reasons for doing so.
 - e. The president shall present his or her recommendation relating to the proposed reorganization to the Board for approval.
 - f. If the Board approves the reorganization, each faculty member whose position is to be eliminated shall receive written notice when the decision to eliminate his or her position is final.
- 4. Each university shall devote its best efforts to securing alternative appointments within the university for any faculty member who is released as a result of reorganization. Each university shall devote its best efforts and available resources to ensure that such faculty members are made aware of openings at other Arizona universities and opportunities for retraining or further professional growth.
 - 5. In the event that the program element which has been terminated should be reinstated within a period of three years, new positions requiring qualifications and duties reasonably comparable to those of the released tenured faculty member shall not be filled without first offering the appointment to the released tenured faculty member. The released tenured faculty member must be given a reasonable time, not to exceed thirty days, to accept or decline reappointment.
 - 6. A tenured faculty member who is to be released, or a nontenured faculty member who is to be released during an appointment term, shall be entitled to a review of this decision by filing a written request with the president within fifteen days of receipt of notice of such release.

The review shall be conducted according to the following procedures:

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- a. The president shall ask the faculty senate to designate a review committee to review the decision to release.
 - b. The review committee shall be convened no later than twenty days following the faculty member's request to determine whether the release is consistent with the objectives to be served by the reorganization.
 - c. The review committee shall take into consideration the basis for the university's decision to release and shall provide the opportunity for the faculty member to respond.
 - d. The review committee may consolidate proceedings in order to expedite its reviews, but shall review each decision to release on its own merits and render its recommendations accordingly.
 - e. The review committee shall forward its written recommendation to the president no later than forty-five days following receipt of the faculty member's request for review. If the decision to release is deemed to be reasonable, the committee shall recommend that the decision to release be upheld. If the decision to release is deemed not to be reasonable, the committee shall recommend that the decision to release be reversed. This review committee shall make no recommendation as to the reorganization.
 - f. The university president shall consider the committee's recommendation and render a final decision to uphold or reverse the decision to release no later than fifteen days from the receipt of the committee's recommendation.
7. A tenured faculty member who is released shall be given a terminal year appointment unless the Board's approval of the reorganization includes a specific determination that budgetary considerations do not permit such an appointment.
- L. Hearing Procedures for Faculty
1. Statement of Principles
- Investigations and hearings require the judicious consideration of facts, but they should neither partake of the form of courts of law nor be constrained by the limitations imposed upon such courts. They are academic hearings the purpose of which is to safeguard and protect not

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only the individual rights of the members affected but also the integrity of the university.

2. General

a. A faculty member recommended for suspension without pay or for dismissal shall be subject to the procedures set forth in ABOR Policy 6-201L. (Conditions of Faculty Service, Hearing Procedures for Faculty).

b. The procedures in this subsection apply only to dismissal or suspension without pay proceedings. In particular, and without limitation, these procedures are not applicable to:

- (1) Decisions relating to promotions, sabbatical leaves or other leaves;
- (2) Decisions relating to renewal at the end of an appointment period of a nontenured faculty member;
- (3) Decisions relating to release from employment due to reorganization;
- (4) Decisions relating to evaluation of faculty under section 6-211 (Evaluation of Faculty); and
- (5) Suspension or dismissal from a concurrently held nonfaculty position.

3. Conciliation/Mediation

a. If a faculty member is recommended for suspension without pay or for dismissal, the faculty member may appeal the recommendation by submitting written notice of appeal to the President no later than ten (10) days following the date on which the recommendation is posted. The president of the university shall refer such appeal to a conciliation committee within seven (7) days of receiving the notice. The conciliation committee consists of one or more full-time faculty who are elected by the academic senate or faculty as a whole. This committee shall attempt to arrive at a mutually agreed upon solution.

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- b. If conciliation fails or after 30 days following the date on which the appeal was referred, the president shall provide the faculty member with a written notice of dismissal or suspension. The President may extend this deadline for up to 30 days if the prospect for successful conciliation is positive. The President's written notice of dismissal or suspension shall:
 - (1) Refer to the particular statutes, rules or policies, if any, involved.
 - (2) Contain a statement of the reasons for the recommendation in sufficient detail to enable the faculty member to prepare a defense.
 - c. As an alternative to meeting with the conciliation committee, a faculty member may agree to participate in a mediation process to be established by the university. In the case of mediation, the same deadlines for referral and termination of the procedure shall pertain as in the case of conciliation.
4. Hearing
- a. The faculty member may appeal a notice of dismissal or suspension without pay by providing the president and the chair of the Committee on Academic Freedom and Tenure (CAFT) with a written detailed statement of the faculty member's position within 10 days after receipt of the notice of dismissal or suspension. Failure to provide the written statement within the ten-day period shall immediately terminate the procedure.
 - b. The faculty member shall further provide a copy of the notice of dismissal or suspension and the statement of position to the Chair of the CAFT. The Chair shall then fix a time for hearing, which hearing shall commence not less than 30, nor more than 45 days, after receipt by CAFT of the notice of dismissal or suspension and the written statement of position from the faculty member. The Chair shall serve upon the parties a written notice of hearing at least 20 days prior to the hearing. The Chair may shorten or extend these time periods for good cause shown or upon consent of the parties except that the notice of hearing shall not be shorter than twenty (20) days without the consent of the parties.
 - c. The notice of hearing shall include:

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- (1) A statement of time, place and nature of the hearing.
 - (2) The names of the panel members.
 - (3) A statement that the hearing is held in accordance with ABOR Policy 6-201L (Conditions of Faculty Service, Hearing Procedures for Faculty).
 - (4) A copy of the notice of dismissal or suspension attached and incorporated by reference.
- d. At least 10 days before the hearing date each party shall provide to the hearing committee and the other party or parties a written list of the names and addresses of each witness the party intends to use at the hearing. No witnesses shall be used at the hearing other than those listed except for good cause shown or upon written agreement of the parties.
- e. Failure of either party to appear at the scheduled hearing shall be treated as follows: In the case of the faculty member, failure to appear shall waive the faculty member's right to appeal the decision. In the case of the university representative, failure to appear shall be treated as resolution of the grievance in favor of the grievant. Failure of either party to appear may be excused for good cause by the committee, in which case, the hearing may be rescheduled.
- f. The record of the hearing shall include, to the extent such items are applicable, the following:
- (1) All documents filed by the parties and all notices, orders, or other documents issued by or submitted to the Committee on Academic Freedom and Tenure in connection with the proceeding.
 - (2) Testimony received and considered.
 - (3) Record of objections and offers of proof and rulings thereon, which may be contained in the transcript.
 - (4) Findings.

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- (5) The written recommendation reflecting the decision of the hearing committee.
- g. Each party to the hearing shall be afforded an opportunity to respond and present evidence and argument on all issues involved. Each party shall have the right:
- (1) At the party's own election and cost, to be represented by counsel or accompanied by an advisor, which advisor may consult with and advise the party but shall not otherwise participate.
 - (2) To present witnesses and submit evidence, including documentary evidence.
 - (3) To question adverse witnesses.
- h. The following shall be observed with respect to the hearing:
- (1) The hearing, but not the deliberations of the committee, shall be recorded by a court reporter and shall be transcribed upon the request of any party at that party's own cost.
 - (2) The hearing may be conducted in an informal, collegial manner and without adherence to the rules of evidence required in judicial proceedings. The CAFT Committee shall exclude irrelevant, immaterial or unduly repetitious evidence.
 - (3) The Chair of the hearing committee shall have the authority to issue subpoenas for the attendance of witnesses and for the production of books, records, documents and other evidence, and shall have the power to administer oaths. The subpoena shall be in writing and shall be served upon the witness in person. Members of the university community are required to comply with subpoenas issued pursuant to this procedure unless compliance would result in unavoidable personal hardship or participation beyond the terms of the contract.
 - (4) On application by a party, the Chair of the hearing committee, at his or her discretion, may permit a deposition to be taken, in the manner and upon the terms designated by the Chair, of a witness who cannot be subpoenaed or is

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unable to attend the hearing. Prehearing depositions and subpoenas for the production of documents may be ordered by the Chair, provided that the party seeking such discovery demonstrates that the party has reasonable need of the deposition testimony or the materials being sought and no other reasonable means of discovery are available.

- (5) The Chair shall preside over and conduct the hearing and shall rule upon all matters of procedure including the admission of evidence. The Chair shall also exercise control over the hearing to avoid needless consumption of time and to prevent the harassment or intimidation of witnesses.
 - (6) Official notice of certain facts may be taken.
 - (7) At the conclusion of the submission of all evidence, the hearing committee shall permit each party or counsel to make an oral or written summation.
 - (8) The university bears the burden of proving the existence of just cause by a preponderance of the evidence.
 - (9) A committee legal advisor, selected by CAFT from a list of qualified attorneys provided by the university, shall sit in attendance at the hearing and may be asked to comment on questions of procedure and admissibility of evidence and shall otherwise assist in the conduct of the hearing, but shall not vote. A person shall not serve as both a committee legal advisor and as an advisor or legal counsel in the proceedings for either of the parties. The legal advisor for the committee will be compensated by the university
- i. The recommendation of the hearing committee shall be in writing; shall include findings of fact based exclusively on the evidence; and shall be presented to the university president within 30 days following the conclusion of the hearing except, upon good cause, the president may extend the recommendation date by an additional 30 days.
 - j. Upon receipt and review of the hearing committee recommendation, the university president shall approve, disapprove, or modify the committee recommendation or remand one or more issues for further consideration by the committee. The

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president shall issue a decision in writing, no later than 45 days following receipt of the committee recommendation and record that includes findings of fact and conclusions of law, separately stated. The president shall not be bound by the recommendations of the committee. Copies of the decision and the committee's recommendation shall be mailed to the parties, and members of CAFT. The president's decision shall include a statement that an appeal to the Superior Court pursuant to the Administrative Review Act, A.R.S. §12-901 et. seq., if desired, must be filed within thirty-five (35) days from the date when a copy of the decision sought to be reviewed is served upon the party affected.

- k. The faculty member may request reconsideration of the president's decision by filing a written request setting forth a ground for reconsideration with specificity within fifteen (15) days of receipt of the decision. If no request for reconsideration is made, the president's decision is effective at the expiration of the period in which to request reconsideration. The grounds for reconsideration are:
 - (1) Irregularities in the proceedings, including but not limited to any abuse of discretion or misconduct by the committee which has deprived the employee of a fair and impartial process;
 - (2) Accident or surprise that could not have been prevented by ordinary prudence;
 - (3) Newly discovered material evidence, which could not have been available for the presentation;
 - (4) Excessive or insufficient result;
 - (5) The decision is not justified by the evidence or is contrary to law.
- l. If the faculty member requests reconsideration, the president shall issue a decision on reconsideration within twenty (20) days of receiving a request for reconsideration.
- m. The president's decision on reconsideration shall include a statement that an appeal to Superior Court pursuant to the Administrative Review Act, A.R.S. §12-901, et. seq., if desired,

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must be filed within thirty-five (35) days from the date on which the decision on reconsideration is served on the party affected.

M. Procedure to Review Allegedly Discriminatory or Unconstitutional Action (Including Violations of Due Process or Academic Freedom).

1. A faculty member who receives an adverse decision concerning his/her promotion, tenure, nonrenewal or release from employment under ABOR Policy 6-201L (Conditions of Faculty Service, Hearing Procedures for Faculty) may file a written complaint alleging that the adverse decision was a discriminatory action, or was based on unconstitutional grounds (including violations of due process or academic freedom). This complaint must be filed with the office of the university president within 10 days of the faculty member's receipt of notice of the final adverse decision.
 - a. "Receipt of notice" means delivery of written notice of the final adverse decision to the faculty member's last known address by certified mail, return receipt requested. If undeliverable, the written notice is deemed to have been received by the faculty member if properly sent to the faculty member's last known address.
 - b. The faculty member shall have the right to a hearing before the Committee on Academic Freedom and Tenure (CAFT), or before such other appropriate committee as may be established by the university and the academic senate, but not both CAFT and such other appropriate committee; provided that the faculty member first exhausts any applicable alternate resolution procedures established by the university.
 - c. Where alternate resolution procedures are not established, the written complaint shall be transmitted to the Chair of the hearing committee within seven (7) days after receipt by the office of the university president. The hearing shall occur no earlier than thirty days nor later than forty-five days after the filing of the complaint, except that with consent of both the university and the complaining party, or upon majority vote of the hearing committee, the hearing may be advanced or delayed.
 - d. Where alternate resolution procedures are established by the university, those procedures will be initiated by the president within seven (7) days after receipt of the written complaint. The written complaint, if not resolved through use of the alternate procedures, shall be transmitted to the chair of the hearing committee within

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seven (7) days after completion of the alternate procedures or after thirty (30) days following the date on which the alternate procedures were initiated. The President may extend this deadline for up to thirty (30) days if the prospect for successful resolution is positive. The hearing shall occur no earlier than thirty (30) days nor later than forty-five (45) days after the written notice is received by the chair of the hearing committee, except that with consent of both the university and the complaining party, or upon majority vote of the hearing committee, the hearing may be advanced or delayed.

2. The burden of proving discriminatory action or unconstitutional grounds shall be on the faculty member. The hearing procedures developed by each university shall provide for the following:
 - a. The right to an impartial hearing committee of not fewer than three committee members.
 - b. The right of each party to obtain access to all relevant, non-privileged documents relating to the allegations which are subject to the other party's control and which do not violate the privacy rights of non-parties; all disagreements relating to the disclosure of documents shall be decided by the chair of the hearing committee.
 - c. The authority of the chair to administer oaths and to issue subpoenas for the attendance of witnesses and for the production of books, records, documents and other evidence. The subpoena shall be in writing and shall be served upon the witness in person. Members of the university community are required to comply with subpoenas issued pursuant to this procedure unless compliance would result in unavoidable personal hardship or participation beyond the terms of the contract.
 - d. The right of the university and the faculty member to present witnesses and evidence and to question witnesses.
 - e. At the party's own election and cost, the right of each party to be represented by counsel or accompanied by an advisor, which advisor may consult with and advise the party, but shall not otherwise participate.
 - f. The hearing shall be recorded by a court reporter. A transcript may be obtained by any party at that party's own cost.

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- g. Written findings of fact.
 - h. The right of the university, faculty member and committee members to a copy of the written recommendation of the committee;
 - i. A closed hearing upon request of any party.
3. The recommendation of the committee shall be transmitted to the university president within thirty (30) days following the conclusion of the hearing except, upon good cause, the president may extend the recommendation date by an additional thirty (30) days. No later than forty-five (45) days following receipt of the committee recommendation the president shall render a final determination in writing as to whether the challenged decision shall be affirmed or modified. A copy of the determination shall be mailed to the parties and the committee members. The date of the mailing shall be the effective date of the decision.

The president's decision shall include a statement that an appeal to Superior Court pursuant to the Administrative Review Act, A.R.S. §12-901, et seq., if desired, must be filed within thirty-five (35) days from the date when a copy of the decision sought to be reviewed is served upon the party affected.

4. The faculty member may request reconsideration of the president's decision by filing a written request setting forth a ground for reconsideration with specificity within fifteen (15) days of receipt of the decision. If no request for reconsideration is made, the president's decision is effective on the 15th day after the date of the decision at the expiration of the period in which to request reconsideration. The grounds for reconsideration are:
- a. Irregularities in the proceedings, including but not limited to any abuse of discretion or misconduct by the committee which has deprived the employee of a fair and impartial process;
 - b. Accident or surprise that could not have been prevented by ordinary prudence;
 - c. Newly discovered material evidence, which could not have been available for the presentation;
 - d. Excessive or insufficient results;

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e. The decision is not justified by the evidence or is contrary to law.

5. If the faculty member requests reconsideration, the president shall issue a decision on reconsideration within twenty (20) days of receiving a request for reconsideration.

6. The president's decision on reconsideration shall include a statement that an appeal to Superior Court pursuant to the Administrative Review Act, A.R.S. §12-901, et. seq., if desired, must be filed within thirty-five (35) days from the date on which a copy of the decision on reconsideration is served upon the party affected.

N. Faculty Grievance Procedure

In accordance with ABOR Policy 6-904 (Grievance), each university shall provide an established grievance procedure to resolve any work-related concerns of a faculty member, including but not limited to any complaint alleging a violation of the conditions of faculty service or any other rules of the Board or university relating to faculty members. The grievance procedure shall authorize a faculty member to initiate a grievance by filing with the chair of the designated faculty committee a written statement that describes the specific action(s) being challenged and any Board or university rule that has allegedly been violated.

O. Revisions

1. A comprehensive review of these conditions shall be undertaken no less frequently than once every five years. This review shall be conducted by a working group that includes representatives of each faculty senate to ensure faculty input in all stages of the review process.

2. No modifications to these conditions may be considered by the Board prior to consultation with representatives of the faculty senates.

P. Implementation

The president of each university shall establish, in consultation with the faculty senate, such additional policies and procedures consistent with this policy as may be needed to carry out the Conditions of Faculty Service, and such policies shall be set forth in full and not by reference to any other document.

Q. Interpretation

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These conditions of faculty service shall be governed and interpreted under the laws of Arizona.

R. Severability

If any section, paragraph, subdivision, clause, sentence or phrase of this policy shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portion of the policy. If any provision of this policy contains an ambiguity, which may be construed as either valid or invalid, the valid construction shall prevail.

S. Acquired Tenure Status

This policy shall not divest a faculty member of tenure status acquired prior to its adoption.

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Item Name: Proposed Revisions to ABOR Policy 4-323 “Tuition Waiver Scholarships and Institutionally Supported Financial Aid Programs – Student Financial Aid” (First Reading)

Action Item

Requested Action: The board office asks the board to review on first reading the proposed revisions to ABOR Policy 4-323 “Tuition Waiver Scholarships and Institutionally Supported Financial Aid Programs – Student Financial Aid” to clarify the Arizona Promise Program Policy language allowing the universities to award additional, alternate, institutional gift aid for other direct costs of attendance beyond tuition and fees.

Background

In 2021, Arizona established the Arizona Promise Program to be administered by the board and the Legislature appropriated \$7.5 million to the program.

Under the program, the universities must award funds under the Arizona Promise Program to new first-time, full-time, resident students who are admitted into the institution after the Fall semester 2021 and who timely complete a Free Application for Federal Student Aid (FAFSA) and are eligible for the maximum Pell award and/or have a Zero (0) Expected Family Contribution (EFC).

The Arizona Promise award amount is up to the actual cost of in-state tuition, mandatory fees and program fees.

The award is intended to be a last-dollar award amount, which means the award will be reduced by the amount of any other federal, state, private or public scholarship, grant, or gift aid received by the student.

The board is responsible for developing and implementing centralized administrative processes for distributing the fund each fiscal year. The board adopted policy governing the administration of the program at its February meeting.

Discussion

The universities’ initial administration of the Arizona Promise awards in Spring 2022 has resulted in a request for policy language clarification.

The current Arizona Promise Program policy as written could be interpreted to cap all

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institutional need-based gift aid beyond tuition and fees. This prohibition from providing additional gift aid to Arizona's most needy students above and beyond tuition and fees may have a negative impact on increasing attainment among Arizona's neediest students.

Attached to this executive summary is revised policy language clarifying the administration of Arizona Promise funding. This revision gives the universities the greatest flexibility they need to administer their financial aid dollars in pursuit of increasing educational attainment among Arizona's most needy students.

Committee Review and Recommendation

The Academic Affairs and Educational Attainment Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for first reading.

Statutory/Policy Requirements

A.R.S. §15-1701 "Arizona promise program; eligibility requirements; award; fund; definitions"

ABOR Policy 4-323 "Tuition Waiver Scholarships and Institutionally Supported Financial Aid Programs – Student Financial Aid"

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4-323 Tuition Waiver Scholarships and Institutionally Supported Financial Aid Programs – Student Financial Aid

A. Institutional Financial Aid

1. The board will approve institutional funds to be used for financial aid awards as part of the annual financial aid plans.
2. Each university shall establish and administer selection criteria for grants and scholarships to assure fair and equitable access. Criteria for scholarships shall be appropriated to students from public, private, charter, and home schools.
3. Each university shall establish and publicize minimum requirements for the continuation of scholarships and grants.

B. Tuition Waiver Scholarships

1. Tuition Waiver Scholarships for the Children and Spouses of: Arizona Peace Officers, Arizona Fire Fighters, Arizona Emergency Paramedics, Arizona Military Service Personnel, Arizona Correctional Officers, and Arizona National Guard Members Killed in the Line of Duty;
 - A. This tuition waiver scholarship program entitles eligible students to the lesser of:
 - (1) A tuition waiver scholarship for credit hours that are necessary to obtain a baccalaureate degree; or
 - (2) A tuition waiver scholarship for 144 credit hours toward a baccalaureate degree including any waived transfer credits from an Arizona community college or university.
 - B. In accordance with the state law, the Arizona Board of Regents authorizes each university to award these tuition waiver scholarships for sessions occurring within a calendar year to students who meet the following criteria:

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- (1) The student meets the university's regular admission requirements;
- (2) The student maintains a record of satisfactory academic progress in accordance with each university's standards;
- (3) Students eligible for the program due to their status as a child of an individual must be 30 years of age or younger on the first day of any semester to which the scholarship would apply;
- (4) Students eligible for the program due to their status as a spouse of an individual may not have remarried;
- (5) The eligibility of the student must be verified by the appropriate entity:
 - (a) The eligibility of a student to participate as a child or spouse of an Arizona Peace Officer, Arizona Fire Fighter, Arizona Emergency Paramedic, or Arizona Correctional Officer (as defined in A.R.S. §15-1808(D)(4)) killed in the line of duty must be verified by the Arizona Peace Officers Memorial Board, the Arizona Fire Fighters and Emergency Paramedics Memorial Board, or the appropriate correctional official in the relevant state agency, county, city or town.
 - (b) The eligibility of a student to participate as a child or spouse of Arizona military service personnel killed in the line of duty in response to a Presidential Executive Order, and for severely disabled combat survivors, must be verified by the U.S. Department of Defense or either the Federal or State Department of Veteran Affairs;
 - (c) The eligibility of a student to participate as a

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child or spouse of an Arizona National Guard member killed in the line of duty must be verified by the Adjutant General of the National Guard; and

2. An Arizona National Guard Member who received a Purple Heart on or after September 11, 2001; and former members of the Arizona National Guard who were medically discharged from the Arizona National Guard due to an injury or disability suffered during status under Title 10, United States Code, in weekend training status, in annual training status or in response to a state of emergency declared by the Governor, as specified by A.R.S. §15- 1808.
 - A. In accordance with the State law, the Arizona Board of Regents authorizes each university to award these tuition waiver scholarships for sessions occurring within a calendar year to students who meet the following criteria:
 - (1) The student meets the university's regular admission requirements;
 - (2) The student maintains a record of satisfactory academic progress in accordance with each university's standards
 - (3) The eligibility of the student must be verified by the Adjutant General of the National Guard.
3. Arizona military service personnel who received a Purple Heart citation as specified by A.R.S. §15-1808.
 - A. In accordance with the state law, the Arizona Board of Regents authorizes each university to award tuition waiver scholarships for sessions occurring within a calendar year to students who meet the following criteria:
 - (1) The student meets the university's regular admission requirements;
 - (2) The student maintains a record of satisfactory academic progress in accordance with each university's standards;

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- (3) The student was a resident of the State of Arizona or was stationed in Arizona at the time of the injury that resulted in the Purple Heart citation, and ;
 - (4) The student had a disability rating as determined by the United States Department of Veterans Affairs of 50% or more; and
 - (5) The student has never been convicted of a felony.
 - (6) The eligibility of the student must be verified by the Arizona Department of Veteran's Services.
4. Non-resident tuition waiver scholarships for students from Sonora, Mexico, as authorized by A.R.S. §15-1626.

The universities are authorized to award a maximum of fifty non-resident tuition waiver scholarships to students from Sonora, Mexico participating in the Educational Exchange Program authorized by A.R.S. §15-1626.

5. Tuition Waiver Scholarships for Students in the Foster Care System at the Age of 14.
- A. The universities shall award tuition and mandatory fee waiver scholarships to a student who:
 - (1) Resides in Arizona, and
 - (a) Is currently in foster care and at least 14 years of age, or
 - (b) Was in foster care when the person was at least 14 years of age, or
 - (c) Was adopted from foster care and the adoption was finalized after the person attained 14 years of age, and
 - (2) Has total assets, not including scholarships or grants, received by the student that are worth less than \$10,000; and

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- (3) Is under 23 years of age; and
 - (4) Meets the university's regular admission requirements and is accepted into or enrolled in a program at a university under the jurisdiction of the Arizona Board of Regents; and
 - (5) Has completed and submitted to the United States Department of Education the FASFA form before each year in which the student receives a tuition waiver scholarship pursuant to this policy;
 - (6) Is a United States citizen or is a noncitizen who is lawfully present in this country; and
 - (7) Eligibility for this program must be verified by the Arizona Department of Child Safety.
- B. The tuition waiver scholarship provided is to be reduced by the amount of any other federal aid, scholarships, or public grants and any other public aid received, except the tuition waiver scholarship shall not be reduced by the amount of federal grant received by the individual from the Department of Child Safety under the Arizona Education and Training Voucher Program.
- C. The student who has been awarded the tuition waiver scholarship will receive the scholarship in accordance with the following until:
- (1) The student reaches the age of 23.
- D. The student will also continue to receive the tuition waiver scholarship as long as:
- (1) The student maintains a record of satisfactory academic progress in accordance with each university's standards;
 - (2) The student remains in good standing with the policies established by each university; and

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- (3) The student completes thirty hours of volunteer service each year after the first year the student receives the tuition waiver scholarship.
 - E. If the tuition waiver scholarship is terminated before a recipient of the tuition waiver scholarship completes a degree and before the student reaches 23 years of age, that student shall continue to be awarded a tuition waiver scholarship until the student reaches 23 years of age, or completes their degree, whichever occurs first, if the student continues to meet the scholarship criteria prescribed by this policy.
 - F. ABOR will periodically collect and report aggregate data concerning the scholarship recipients, including number of applicants, enrollment, attendance, graduation rates, academic performance, educational outcomes, withdrawal rates, demographic information, scholarship award amounts and total program costs.
- C. Programs Required by the Board
 - 1. Resident tuition waiver scholarships for members of the Community College All-Arizona Academic Team.

The universities are authorized to award resident tuition waiver scholarships to community college students selected as members of the All-Arizona Academic Team by Phi Theta Kappa, The National Honor Society for Community College. Tuition waiver scholarships are to be awarded to eligible students at the time of the annual All-Arizona Academic Team ceremony. The following conditions apply:

- A. No more than two students per community college campus shall be initially awarded resident tuition waiver scholarships each year.
- B. Tuition waiver scholarships are to be available upon transfer to any Arizona university and will cover 60 semester hours, for a maximum of 10 semesters excluding summer sessions.
- C. To renew a tuition waiver scholarship each semester

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within the 60 semester hours, for a maximum of 10 semesters, a student must be in continuous attendance, enrolled in a minimum of 6 credits per semester, and maintain a 3.25 or higher grade point average.

- D. A student who meets the renewal criteria outlined above may transport a tuition waiver scholarship from one university to another university, but no student may receive the tuition waiver scholarship for more than a total of 60 semester hours for a maximum of 10 semesters.
- E. A student's eligibility to receive a tuition waiver scholarship shall be verified by the Arizona Community College Presidents' Council in the form of a list provided to the Arizona Board of Regents. The list shall provide student names, mailing addresses and phone numbers, community college attended, and other information as shall be required by the universities.
- F. Tuition waiver scholarships must be claimed by the student enrolling at one of the universities within one year of the tuition waiver scholarship offer. Special consideration of unique situations may be exercised by each university. In particular, students should be encouraged to complete their Arizona General Education Curriculum (AGEC), or their Arizona Associate Degree, prior to transfer to the university.

2. Resident Tuition Waiver Scholarships for recipients of a Regents High Honors Endorsement

The universities are authorized to award partial resident tuition waiver scholarships to Arizona High School graduates who meet the board-approved qualifications for an endorsement of high honors. Awarding of these scholarships is subject to the following conditions:

- A. The Arizona Board of Regents High Honors Endorsement Program is established by the board for the purpose of recognizing high school students for outstanding academic achievement, as demonstrated through performance in high school courses and test scores.

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- B. The board is responsible for implementing the program, for approving program criteria and for determining how the program shall be administered.
- C. The Superintendent of Public Instruction is authorized to administer the program for the Arizona Board of Regents and to recommend to the universities students who qualify for the High Honors Endorsement. The recommendation shall be in the form of a list provided to the Arizona Board of Regents which includes student names, mailing addresses and phone numbers, high school attended, and other information as shall be required by the universities.
- D. The universities may choose not to award a tuition waiver scholarship to any student who receives other scholarship assistance intended to cover the cost of tuition.
- E. The universities may choose not to award a tuition waiver scholarship to any student who does not apply for financial aid, or whose application is incomplete, incorrect, not submitted in a timely fashion, or for any other reason fails to meet university guidelines for applying for financial aid.
- F. The board-approved criteria for High Honors Endorsement shall be designed to minimize the likelihood that qualifying students will not also qualify for tuition scholarships for academic merit as determined by the universities.
- G. Any change, or anticipated change, in conditions affecting the number of students who might qualify for a High Honors Endorsement, conditions affecting the number of resident students who might be awarded tuition scholarships for academic merit using university-determined criteria, and any instance where a student qualified for high honors but not for a university determined tuition scholarship shall be reported to the board along with a recommendation for appropriate modifications in the criteria for awarding high honors.
- H. A systematic review of the Regents High Honors Endorsement Program will be conducted every 5 years,

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with the results and any recommendations reported to the board.

- I. Tuition waiver scholarships must be claimed by the student enrolling at one of the universities within one year of graduation from an Arizona High School. Special consideration of unique situations may be exercised by each university.
- D. Financial Aid awarded to Student Athletes
1. To be eligible for and to retain athletically related financial aid, a student athlete must meet all applicable National Collegiate Athletic Association (NCAA) legislation, conference regulations, Arizona Board of Regents Financial Aid Policies, and university financial aid policies.
 2. The universities will administer financial aid for student athletes in compliance with all applicable federal law and regulations, NCAA legislation, conference regulations, Arizona Board of Regents Financial Aid Policies, and university financial aid policies.
- E. Arizona Promise Program
1. Universities shall award the Arizona Promise as established by A.R.S. §15-1701 to a student who:
 - a. Is admitted to an ABOR institution as a new first-time, full-time, on campus degree seeking student during and after the Fall semester 2021;
 - b. Is an Arizona resident per A.R.S. §15-1802;
 - c. Graduated from an Arizona high school;
 - d. Graduated with a minimum 2.5 cumulative high school grade point average on a 4.0 scale;
 - e. Timely completes and submits to the United States Department of Education the Free Application for Federal Student Aid (FAFSA); and,
 - f. Meets the eligibility criteria for the Federal Pell Grant. For

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the purposes of this program, Federal Pell Grant means the maximum Federal Pell Grant award with a zero expected family contribution.

2. Student must enroll at university at the beginning of the Fall semester immediately after Arizona high school graduation, with only breaks or gaps in enrollment allowed by institutional policy.
3. ~~The StudentS WHO must submit to the United States Department of Education the FAFSA form with the ABOR university appropriately listed no later than April 1 of the academic year SPRING preceding the academic year in which the student is applying WILL BE GIVEN FUNDING PRIORITY.~~
4. The Arizona Promise tuition and fee award amount will be up to the full cost of tuition, mandatory fees and program fees. ~~The amount of the award shall be APPLIED AFTER AND reduced by the amount of any OF THE FOLLOWING RECEIVED BY THE STUDENT:~~
 - A. ~~other federal AID;~~
 - B. ~~state AID;~~
 - C. ~~private AID AND SCHOLARSHIPS;~~
 - D. ~~or public scholarshipS OR grantS, or gift aid received by the student.~~
5. ~~All institutional need-based gift aid~~ ANY INSTITUTIONAL GIFT AID granted to qualifying students FOR TUITION, MANDATORY FEES, AND PROGRAM FEES shall be identified as Arizona Promise. AN ARIZONA PROMISE AWARD, HOWEVER, DOES NOT PREVENT A UNIVERSITY FROM AWARDING A STUDENT OTHER INSTITUTIONAL NEED-BASED GIFT AID FOR OTHER COSTS OF ATTENDANCE.
6. Students are eligible for the Arizona Promise program for eight academic semesters or their equivalent. Semesters must be continuous Fall and Spring with breaks allowed by institutional policy.
7. To renew the Arizona Promise Program award a student must:
 - A. Complete and submit to the United States Department of Education the FAFSA form no later than April 1;

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- B. Maintain at least full-time status as determined by federal student financial aid guidelines;
- C. Maintain satisfactory academic progress as required for eligibility for federal student financial aid; and
- D. Continue to meet the eligibility criteria for the Federal Pell as defined in this policy.

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Item Name: Proposed Revisions to ABOR Policy 4-203 “Requirements to be Considered in Determining an Individual’s Residency Classification for Tuition Purposes” (First Reading)

Action Item

Requested Action: The board office asks the board to review on first reading, the proposed revisions to ABOR Policy 4-203 “Requirements to be Considered in Determining an Individual’s Residency Classification for Tuition Purposes” to comply with new state law.

Background/History of Previous Board Action

1. Policy 4-203 “Requirements to be Considered in Determining an Individual’s Residency Classification for Tuition Purposes” addresses the requirements to meet in-state residency for the three state universities.
2. Policy 4-203 grants in state residency to veterans and students in the military as required by state and federal law.
3. To comply with changes in applicable federal law, SB 1119 amended, with an immediate effective date existing Arizona law to both:
 - a. Extend immediate classification as an in-state student to a qualifying person who utilizes federal Veteran Readiness and Employment Program (Chapter 31) or veteran survivor or dependent (Chapter 35) educational assistance, and
 - b. Eliminate the requirement for a qualifying Montgomery GI Bill Active Duty (Chapter 30) and Post-9/11 GI Bill (Chapter 33) educational assistance recipient to enroll in a public institution of higher learning within three years of the veteran’s discharge to receive in-state classification.

Discussion

A student must have a domicile in Arizona is to be eligible for classification as an in-state student for tuition purposes, and that student is not entitled to in-state classification until domiciled in Arizona for one year, subject to outlined exemptions (A.R.S. § 15-1802).

State and federal law provides that some active-duty members of the military and veterans are entitled to immediate in-state classification if the recipient enrolls in an Arizona public university or community college after the veteran’s discharge from qualifying active-duty service. (A.R.S. § 15-1802). These active-duty members of the military and veterans include:

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1. Active-duty members or veterans who meet federally outlined requirements in Chapter 30 and Chapter 33 (38 U.S.C. §§ 3011 and 3311);
2. A veteran with service-related disabilities who receives federal education assistance through Chapter 31 (38 U.S.C. §§ 3100); and
3. A person who is a survivor or dependent of a veteran, or both, who meets federally outlined requirements under Chapter 35 educational assistance (38 U.S.C. §§ 3501 and 3102).

In 2021, the U.S. Congress redefined covered individual by eliminating the requirement that the service member must be discharged less than three years before the date of enrollment (P.L. 116-315, 116th Congress, 2020).

The Secretary of Veterans Affairs must disapprove a program of education of higher learning for the use of federal education assistance if the school charges qualifying veterans and beneficiaries tuition and fees above the rate of resident students (38 U.S.C. § 3679).

SB 1115 conforms with federal law, and the emergency clause was enacted.

The changes to C(9) and C(12) of this policy conform with the changes in state and federal law.

Committee Review and Recommendation

The Academic Affairs and Educational Attainment Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for first reading.

Statutory/Policy Requirements

A.R.S. § 15-1802

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4-203 Requirements to be Considered in Determining an Individual's Residency Classification for Tuition Purposes

- A. Residency classification for tuition purposes is to be determined in accordance with Arizona law and board policy, and board policy is not intended to limit or expand the statutory definitions of residency.
- B. Unless an exception exists in board policy, all students seeking classification as an in-state resident for tuition purposes must establish, by a preponderance of the evidence, the following factors, as applicable:
 - 1. Continuous Physical Presence: the student has been continuously physically present in Arizona for the 12 calendar months immediately preceding the last day of registration for the term which the student is seeking classification as an in-state resident for tuition purposes, as demonstrated by objective evidence. Any relevant evidence may be considered, including the following categories of evidence; however, no single category is determinative:
 - a. Ownership or lease of property;
 - b. Bank or other financial records reflecting continuous presence in Arizona;
 - c. Utility bills/records of continuous usage;
 - d. State and federal tax returns;
 - e. Employment history, including records of Arizona employment;
 - f. All other materials of whatever kind or source, which may have a bearing on determining continuous presence.
 - 2. Arizona Residency: the student is an Arizona resident, and Arizona is the student's domicile as demonstrated by objective evidence. Any relevant evidence may be considered, including the following categories of evidence; however, no single category is determinative:
 - a. The severance of ties to the student's former state of residence;

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- b. Date of registration and state in which motor vehicle is registered;
 - c. Date of issuance and state issuing driver's license or state identification card;
 - d. Employment history, including dates and location of employment and employer;
 - e. The transfer of major banking services to Arizona;
 - f. State where the student is registered to vote, date of registration, and whether student has voted in Arizona election;
 - g. Place of prior attendance in educational institutions, including high schools, and any information held by such schools affecting domicile;
 - h. Marital status and employment history of spouse;
 - i. Address provided/given by student on all pertinent records;
 - j. State in which registered with selective service;
 - k. Military records;
 - l. Ownership of real property;
 - m. Tax records; and
 - n. All other materials of whatever kind or source, which may have a bearing on determining domicile or residency.
3. Financial Independence: where applicable, the student is financially independent for the twelve months immediately preceding the last day of registration, as demonstrated by objective evidence. Any relevant evidence may be considered, including the following categories of evidence; however, no single category is determinative:
- a. Dates of employment and proof of employment earnings;
 - b. Documentation of all sources of financial/economic support;

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- c. Applications for loans, scholarships, grants-in-aid, or other such assistance;
 - d. Documentation reflecting source of funds used to pay for student's university tuition and living expenses (i.e., housing, utilities, transportation, groceries/food, etc.);
 - e. Whether the student is or was claimed as a dependent for income tax purposes during the most recent tax year preceding the term for which the student is seeking resident classification;
 - f. Student's state and federal income tax returns;
 - g. Veteran status; and
 - h. All other materials of whatever kind or source, which may have a bearing on financial independence.
- C. Exceptions to residency requirements: subject to ABOR policy 4-102, a student may also be classified as an in-state resident for tuition purposes upon establishing by objective evidence that:
- 1. The student is an Arizona resident and domiciled in Arizona, as set forth in this policy, for more than one year.
 - 2. The student is domiciled in Arizona, for less than one year, as set forth in this policy, and:
 - a. The domicile of the student's parent is in Arizona as set forth in this policy; and
 - b. The parent of the student who is domiciled in Arizona is entitled to claim the student as an exemption for federal and state tax purposes (whether or not the parent actually claims the student as an exemption).
 - 3. The student is domiciled in Arizona and:
 - a. The student's spouse has established domicile in Arizona for at least 12 months immediately preceding the last day of registration and the spouse has demonstrated financial independence as set forth in sections B.2 and B.3, above; and

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- b. The student's spouse is entitled to claim the student as an exemption for federal and state tax purposes.
4. The student is domiciled in Arizona and is:
- a. Employed by an employer which transferred the student to Arizona for employment purposes; or
 - b. The spouse of an employee employed by an employer which transferred the student's spouse to Arizona for employment purposes; or
 - c. An employee of an Arizona employer who is taking not more than six credit hours solely through electronic course delivery at employer-sanctioned sites in Arizona, when the employer is required to pay additional site fees or transmission costs;
 - d. For the purposes of this policy, "transfer" means an employee who was transferred by the employee's employer at the direction of, and for the benefit for their employer, fewer than 12 months prior to the term in question, is not self-employed or employed in a family-owned business (or subsidiary thereof) not previously operating in Arizona.
5. The student is domiciled in Arizona, is an employee of a school district in Arizona and is under contract to teach on a full-time basis, or is employed as a full-time noncertified classroom aide at a public school within that school district. For purposes of this paragraph, the student is eligible to pay in-state tuition only for courses necessary to complete the requirements for certification by the state board of education to teach in a school district in Arizona. No member of the student's family is eligible for classification as an in-state student pursuant to this paragraph, although the student's family member may otherwise be independently eligible for classification as an in-state student pursuant to other sections of this policy. For these students, the universities:
- a. Shall establish uniform procedures to determine whether courses taken by a teacher or classroom aide qualify under this section;
 - b. Shall consider charter schools as public schools consistent

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with Arizona statutes; and

- c. May apply this section to teachers and classroom aides from private schools where those private schools require that teachers hold Arizona teacher certification.
6. The student is a member of the Armed Forces of the United States stationed in Arizona pursuant to military orders or is the spouse or dependent child of a member of the Armed Forces of the United States stationed in Arizona pursuant to military orders at the time the student is accepted for admission. While in continuous attendance toward the degree in which the student enrolls, the student does not lose in-state classification.
 7. The student is a member of the Armed Forces of the United States stationed outside of Arizona pursuant to military orders or is the spouse or dependent child of the member of the Armed Forces of the United States and the service member claimed Arizona as the service member's legal residence for at least twelve consecutive months prior to the last day of registration for the term which the student is seeking classification as an in-state resident for tuition purposes. The student claiming residency status under this provision is required to:
 - a. Provide a copy of the military form DD-2058 of the service member which verifies the service member's state of legal residence; and
 - b. If applicable, provide evidence of having filed an Arizona resident income tax return with the Arizona Department of Revenue for the prior tax year on all income from all sources.
 8. The student holds an honorable discharge from the uniformed services of the United States from either active duty or reserve or National Guard status, or has retired from active duty or reserve or National Guard status and has demonstrated objective evidence of intent to be a resident of Arizona. For the purposes of this subsection, objective evidence of intent includes at least one of the following:
 - i. Registration to vote in Arizona.
 - ii. An Arizona driver license.

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- iii. Arizona motor vehicle registration.
- iv. Employment history in Arizona.
- v. Transfer of major banking services to Arizona.
- vi. Change of permanent address on all pertinent records.
- vii. Other materials of whatever kind or source relevant to domicile or residency status.

The student shall be granted immediate classification as an in-state student and, while continuously enrolled, does not lose in-state student classification

9. The student is a veteran as defined in Title 38 of the United States Code who, while using education assistance under 38 United States Code Chapter 30, 31, ~~or 33~~, OR 35 enrolls in a university under the jurisdiction of the Arizona Board of Regents after the veteran's discharge from active duty service of ninety or more days or who remains continuously enrolled following the student's discharge. For the purposes of this subsection, objective evidence of intent includes at least one of the following:
- i. Registration to vote in Arizona.
 - ii. An Arizona driver license.
 - iii. Arizona motor vehicle registration.
 - iv. Employment history in Arizona.
 - v. Transfer of major banking services to Arizona.
 - vi. Change of permanent address on all pertinent records.
 - vii. Other materials of whatever kind or source relevant to domicile or residency status.

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The student shall be granted immediate classification as an in-state student and, while continuously enrolled, does not lose in-state student classification.

10. The student, while using benefits under the Marine Gunnery Sergeant John David Fry Scholarship prescribed in 38 United States Code Section 3311(B)(9), enrolls in a university under the jurisdiction of the Arizona Board of Regents and has demonstrated objective evidence of intent to be a resident of Arizona. For the purposes of this subsection, objective evidence of intent includes at least one of the following:
 - i. Registration to vote in Arizona.
 - ii. An Arizona driver license.
 - iii. Arizona motor vehicle registration.
 - iv. Employment history in Arizona.
 - v. Transfer of major banking services to Arizona.
 - vi. Change of permanent address on all pertinent records.
 - vii. Other materials of whatever kind or source relevant to domicile or residency status.

The student shall be granted immediate classification as an in-state student and, while continuously enrolled, does not lose in-state student classification.

11. The student, while using transferred post/911 G.I. bill benefits pursuant to 38 United States Code Section 3319 during a time in which the transferor is a member of the uniformed services serving on active duty, enrolls in a university under the jurisdiction of the Arizona Board of Regents and has demonstrated objective evidence of intent to be a resident of Arizona. For the purposes of this subsection, objective evidence of intent includes at least one of the following:
 - i. Registration to vote in Arizona.
 - ii. An Arizona driver license.

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- iii. Arizona motor vehicle registration.
- iv. Employment history in Arizona.
- v. Transfer of major banking services to Arizona.
- vi. Change of permanent address on all pertinent records.
- vii. Other materials of whatever kind or source relevant to domicile or residency status.

The student shall be granted immediate classification as an in-state student and, while continuously enrolled, does not lose in-state student classification

12. The student does not meet the requirements set forth in this section (C)(10) and (C)(11) and, while using educational assistance under 38 United States Code Chapter 30, 31 ~~or~~ 33, OR 35 enrolls in a university under the jurisdiction of the Arizona Board of Regents after the veteran's discharge from active duty service of ninety or more days or remains continuously enrolled following the student's discharge, and the student has demonstrated objective evidence of intent to be a resident of Arizona. For the purposes of this subsection, objective evidence of intent includes at least one of the following:
- i. Registration to vote in Arizona.
 - ii. An Arizona driver license.
 - iii. Arizona motor vehicle registration.
 - iv. Employment history in Arizona.
 - v. Transfer of major banking services to Arizona.
 - vi. Change of permanent address on all pertinent records.
 - vii. Other materials of whatever kind or source relevant to domicile or residency status.

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The student shall be granted immediate classification as an in-state student and, while continuously enrolled, does not lose in-state student classification.

13. The student is otherwise described in 38 United States Code Section 3679(C) and has demonstrated objective evidence of intent to be a resident of Arizona. For the purposes of this subsection, objective evidence of intent includes at least one of the following:
 - i. Registration to vote in Arizona.
 - ii. An Arizona driver license.
 - iii. Arizona motor vehicle registration.
 - iv. Employment history in Arizona.
 - v. Transfer of major banking services to Arizona.
 - vi. Change of permanent address on all pertinent records.
 - vii. Other materials of whatever kind or source relevant to domicile or residency status.
14. The student is an enrolled member of an Indian tribe recognized by the United States Department of Interior whose reservation land lies wholly or partially in Arizona and extends into another state and is a resident of the reservation. For purposes of residency classification, enrollment as a tribal member in a federally recognized tribe whose reservation land lies wholly or partially in Arizona will be sufficient to establish residency for tuition purposes.
15. The student has participated in the AmeriCorps program or the Volunteers in Service to America program for at least one year in Arizona.
16. The student is domiciled within 75 miles of the Arizona border in Clark County, Nevada or in Washington or Kane Counties, Utah, or in San Bernardino, Imperial, or Riverside Counties in California, including the cities of Needles, Blythe, El Centro, Brawley, and Winter Haven, and is enrolling in a total of no more than 6 credit hours per semester offered in Mohave, La Paz, or Yuma counties, Arizona by a university under the jurisdiction of the Arizona Board

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of Regents; or the student is domiciled within 75 miles of the Arizona border in Grant, Hidalgo, or Luna Counties in New Mexico and is enrolling in a total of no more than 6 credit hours per semester offered in Cochise County, Arizona by a university under the jurisdiction of the Arizona Board of Regents. This program is designed to reduce excess capacity; therefore, the presidents of the universities shall assure that classifying the student as a resident in their respective programs does not result in denying course offerings to Arizona residents or result in additional expenditures being required for course offerings

17. The student is a doctoral graduate student who is a candidate for a degree, having completed all requirements for the degree except the dissertation, and who qualified as a resident student immediately prior to being eligible to begin the dissertation.
 18. The student is a graduate assistant or graduate associate at a university under the jurisdiction of the Arizona Board of Regents whose assigned teaching or research responsibilities meet the guidelines established by the university for designation as a resident student.
- D. Subject to ABOR Policy 4-102, a student who does not hold a visa that requires the student to maintain a foreign domicile or that otherwise prohibits establishing domicile in Arizona shall be classified as a resident if the student can establish that, on or before the last day of registration, the student satisfied one of the following criteria:
1. Meets the requirements for classification as a resident for tuition purposes as set forth above; or
 2. Qualifies as a resident refugee student by virtue of having been granted refugee status in accordance with all applicable laws of the United States and having established domicile in Arizona as set forth in section B.2 above; provided that in establishing domicile, the student must not hold a visa that prohibits establishing domicile in Arizona.
- E. Subject to ABOR Policy 4-102 (nonresident tuition), a fulltime student admitted and enrolled at a university who obtains resident status by virtue of ABOR Policy 4-203 does not lose resident status while in continuous attendance toward the degree for which currently enrolled.
- F. The domicile of an unemancipated person is that of either parent. Subject

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to ABOR Policy 4-102 (nonresident tuition), any unemancipated person who is a student admitted and enrolled at a university and who remains in this state when the person's parent, who had been domiciled in this state, removes from this state does not lose resident status while in continuous attendance toward the degree for which currently enrolled.

- G. All students have to provide evidence to demonstrate in-state residency for tuition purposes. When the universities consider evidence for residency classification, they begin with four presumptions:
1. A non-resident student's presence in Arizona is primarily for the purpose of education and not to establish domicile;
 2. An individual cannot establish residency or domicile while in Arizona primarily for the purposes of education;
 3. An individual cannot establish residency for tuition purposes while attending an educational institution in Arizona as a full-time student;
 4. Decisions of an individual as to the establishment of residency and domicile are generally made after the completion of an education, and not before.
- H. Evidence being reviewed to determine a student's residency status, whether by a classification officer or a hearing review committee, when the student requests review of a residency classification, will be evaluated as described below:
1. All information provided by the student shall be subject to the classification officer's or hearing review committee's decision as to the weight to be given to it, and such officer or committee shall be the sole judge of the authenticity or truthfulness of any material or statements submitted as supportive evidence. The classification officer may require original or certified copies of documentation.
 2. If the student is absent from Arizona for more than 30 total days during the 12 months immediately preceding the last day of registration, this creates a rebuttable presumption that the student is not domiciled in or a resident of Arizona. A student may rebut this presumption with objective evidence that they retained their Arizona domicile and residence despite their absence(s).
 3. Evidence offered to establish Arizona residency and domicile must reflect that the student intended to establish residency and domicile

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in Arizona throughout the required 12-month period of continuous physical presence. Acts or events occurring less than 12 months before the last day of registration for the term which the student is seeking classification as an in-state resident for tuition purposes may be considered evidence that residency or domicile has not been established.

4. A statement of intent by the student should be weighed in light of the fact that the student knows that the student will realize a substantial reduction in tuition by being classified as a resident for tuition purposes.
 5. The domicile of an unemancipated person is that of the person's parent.
 6. If a minor applies for classification as a resident and alleges that the minor is emancipated, in addition to the requirements above, that minor must also establish via objective evidence that:
 - a. The minor is not living with a parent; and
 - b. There has been a complete severance of the parental relationship to all legal rights and liabilities, including but not limited to care, custody, control, and service.
 7. Once established, residency for tuition purposes is not lost due only to the student's receipt of funds from a source outside Arizona.
 8. The classification of a matriculated student is transferable from one university to another.
- I. Any student found to have made a false or misleading statement concerning domicile or tuition status shall be subject to dismissal from the university and be held responsible for the payment of any tuition amounts that would have been charged but for the false or misleading statement.

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Item Name: Proposed Revisions to ABOR Policies Chapter 7 “Buildings, Infrastructure and Land,” 3-411 “Annual Report on Debt Capacity,” 3-501 “Issuance of Debt and Financing,” and 3-804 “Professional Services and Construction Services Procurement” and Repeal of Chapter 7 Policies (Second Reading)

Action Item

Requested Action: The board office asks the board for approval on second reading of proposed revisions to ABOR Policies Chapter 7 “Buildings, Infrastructure and Land,” 3-411 “Annual Report on Debt Capacity,” 3-501 “Issuance of Debt and Financing,” 3-804 “Professional Services and Construction Services Procurement” and the repeal of Chapter 7 policies, as described in this executive summary.

Background/History of Previous Board Action

- Over the last few years, the board office has received feedback regarding changes to the capital development process and policies.
- A tri-university workgroup was formed to update ABOR capital development process policies.
- The board reviewed this item on first reading at its April 2021 meeting. Since that meeting, the following revisions have been made:
 - On page 31, “board” was inadvertently left out and has been added back to the following sentence: “The project justification report shall be in a form developed by the executive director of the board and should justify the need for the project based upon the university’s mission, strategic plan, and other supporting documentation.”
 - On page 31, “expended” has been replaced with “expected” in the following phrase: “Project description, scope and compliance with space standards, including the expected useful life of the project.”
 - On page 42, the following paragraph was added back with revisions to the last sentence based on legal feedback: “Title to the grounds and properties of the three universities shall be held by the Arizona Board of Regents, a body corporate, for and on behalf of each university. Such grounds and properties are devoted to and maintained for the sovereign function of the board and its universities and of the provisions of higher education to the people, and its properties are not places of unrestricted public access.”

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- On page 44, language has been revised to allow a university to purchase real property without board approval if the property is located within the State of Arizona and the purchase price is \$1,000,000 or less. Current policy allows a university to purchase real property without board approval if the property is located within the Master Plan's campus planning boundary and the purchase price is less than \$500,000.
 - The prior language from First Reading allowed a university to purchase real property without board approval if the property was located within the Master Plan's campus planning boundary and the purchase price was within 10% of the appraised value.
- On page 61, "as" was inadvertently left out and has been added back to the following phrase: "When considering a long-term lease of university property that is commercial in nature as described in this subsection B."
- On page 66, "lease" was incorrectly spelled as "please", which has been corrected.
- On page 67, two references in the Master Lease definition have been restored to the current language: "Master lease" means a ground lease of university property to a component unit affiliate that is a long-term lease, commercial in nature, and entered into after June 12, 2020, which permits the university property to be developed or divided into further parcels of land and thereafter separately leased or subleased to thirty parties pursuant to a ground sublease."
- On page 68, "Major" was accidentally left out and has been added back in the following two sentences:
 - "The Finance, Capital and Resources Committee shall review the portions of university strategic plans relating to the implied or proposed Major Capital Projects and operational impacts to the university's Master Plan and Annual Capital Plan."
 - "Major Capital Projects must contribute to specific strategic objectives or satisfy other important criteria such as meeting life safety requirements or correcting existing deficiencies."
- On page 70, the incorrect tense of a verb was used, which has been corrected.
- Each of these revisions have been highlighted in yellow on the corresponding pages.

Discussion

Capital Development Process Overview

- The existing capital development process includes three steps that require board action:
 1. Master Plans for each university campus that have a 10-year outlook and are

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- approved by the board.
2. The 3-year Capital Improvement Plans (CIP) required by statute and submitted for board approval every September. Approval of the CIP allows the university to expend up to 10% for outside professional and consultant services; and
 3. The 1-year Capital Development Plans (CDP) submitted for board approval by NAU in September, UArizona in November, and ASU in February. Approval of the CDP allows the university to enter the construction phase, proceed with project financing, and seek Legislative review for debt-funded or third-party projects, if applicable.
- Proposed revisions to the capital development process are shown in the flowchart on page 7 and would include the following four steps that require board action:
 1. Continue the Master Plans.
 2. Continue the CIP with an additional year, so the CIP will include a 4-year project forecast. These plans would include future projects that would come after the projects in the Annual Capital Plan (ACP, formerly known as the CDP) and will still be due in September. Approval would allow the university to contract for outside professional and consultant services, construction management and preconstruction services, and site investigation and preparation.
 3. Rename the CDP the Annual Capital Plan (ACP) and have all three universities submit the plans for board approval at the same time as the CIPs in September. The plans would continue to show the projects anticipated to be started in the next 12 months. Approval would allow the university to complete design, and seek Legislative review for debt-funded or third-party projects, if applicable.
 4. Require that projects in the ACPs be submitted individually for board approval after they receive ACP approval. Approval would allow the university to proceed with financing and execute construction contracts.

Capital Development Process Policy Revision Highlights

- The tri-university workgroup process determined that the following revisions should also be made to streamline and simplify the Chapter 7 “Buildings, Infrastructure and Land” policies:
 - Policies that are outdated and no longer used will be repealed;
 - Definitions will be revised, outdated definitions will be repealed, and a definition for Third-Party Projects will be added;
 - The capital development process will be streamlined and consolidated from six policies into one policy;
 - Instead of requiring Master Plans to be updated at approximate 5-year intervals, revisions of Master Plans will require board approval at the time of revision;
 - Large parcels for Master Plans will be defined as those that are greater than

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- 100 acres or those that have been identified as being in a strategic location;
- Instead of using the outdated Regents' Construction Cost Control and Professional Fee Guidelines, the board office and universities will be instructed to develop and maintain a methodology to be used for calculating the estimated replacement values for the building inventory report;
- Board policy 7-113 "Space Inventory and Utilization Reports" will be repealed, and in its place, the board office and universities will be instructed to develop and maintain a methodology for developing space inventory guidelines to assist in planning potential capital projects and to estimate building replacement values;
- In both the CIP and ACP, the universities will be required to report on the number of third-party projects, component unit projects, and commercial long-term leases that they expect to enter into in the next year that require board approval;
- It will be clarified that for a project to appear in an ACP, it must first have been approved as part of the prior CIP;
- The restriction on public art for major capital projects, which was capped at 0.05% of the construction cost, will be repealed;
- It will be clarified that plaques on new buildings are optional;
- The language for Project Closeout will be simplified. The universities will be directed to develop and maintain consistent procedures for Project Closeout;
- The eight policies relating to university property have been consolidated into one policy;
- The three policies relating to leases have been consolidated into one policy; and
- Waiver language will be added to each policy that allows a university to request a waiver if it is in the best interest of the university and it complies with applicable state laws.

Other Policy Revisions

- The tri-university workgroup identified the following revisions to Chapter 3 "Business and Finance" policies related to the capital process (see pages 69 – 96):
 - For board policy 3-411 "Annual Report on Debt Capacity:"
 - It will be clarified that the debt information included in the CIP is for capital projects;
 - The term "direct debt" will be defined; and
 - Universities will be required to report on lease-purchase acquisitions over \$1,000,000, and board policy 3-607 "Lease-Purchase Acquisition," which currently requires board approval for personal property lease-purchase acquisitions of \$1,000,000 or greater, will be repealed.
 - For board policy 3-501 "Issuance of Debt and Financing," the section granting

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- authority for a commercial paper program will be moved from the current board policy 7-102(D)(1)(a) to section E of this policy.
- For board policy 3-804 “Professional Services and Construction Services Procurement,” the Job-Order-Contracting limit will be increased from \$1,999,999 to \$4,000,000 (see section (B)(12)(a)). (See page 85.)
 - Of the 24 existing separate policies in Chapter 7, four are proposed to be repealed, one is proposed to be reassigned to a different policy chapter, and 19 policies are being revised and consolidated into four policies.
 - The following four policies will be repealed (see pages 8 – 9);
 - 7-103 “IT Project Approval Process”;
 - 7-112 “Capital Project Status Reports”;
 - 7-113 “Space Inventory & Utilization Report”;
 - 7-213 “Small Group Student Housing”.
 - The following policy will be reassigned to Chapter 1;
 - 7-104 “Strategic Planning” will be moved in its entirety to a new 1-206, as it addresses university strategic planning and mission statements and not capital planning and processes. (See page 68.)
 - Nineteen policies have been consolidated into the following four proposed Chapter 7 policies:
 - 7-101 “Capital Definitions” (see pages 16 – 20);
 - 7-102 “Capital Development Process” (see pages 27 – 40);
 - Contains substantive portions of the following proposed repealed Chapter 7 policies: 7-105 “Master Plans,” 7-107 “Capital Development Plan,” 7-106 “Annual Capital Improvement Plans,” 7-110 “Project Construction,” 7-111 “Project Closeout,” and 7-114 “Building Renewal.”
 - 7-201 “University Property” (see pages 42 – 52); and
 - Contains substantive portions of the following proposed repealed Chapter 7 policies: 7-202 “Ownership and Procedures,” 7-203 “Purchase of Real Property,” 7-204 “Sale of Real Property,” 7-205 “Exchanges of Real Property,” 7-211 “Accepting Gifts of Real Property,” 7-206 “Appraisals,” and 7-210 “Easements and Rights-of-Way.”
 - 7-207 “Leases” (see pages 59 – 67).
 - Contains substantive portions of the following proposed repealed Chapter 7 policies: 7-208 “Use of Athletic Facilities by Professional Teams” and 7-209 “Rental Rates.”

Committee Review and Recommendation

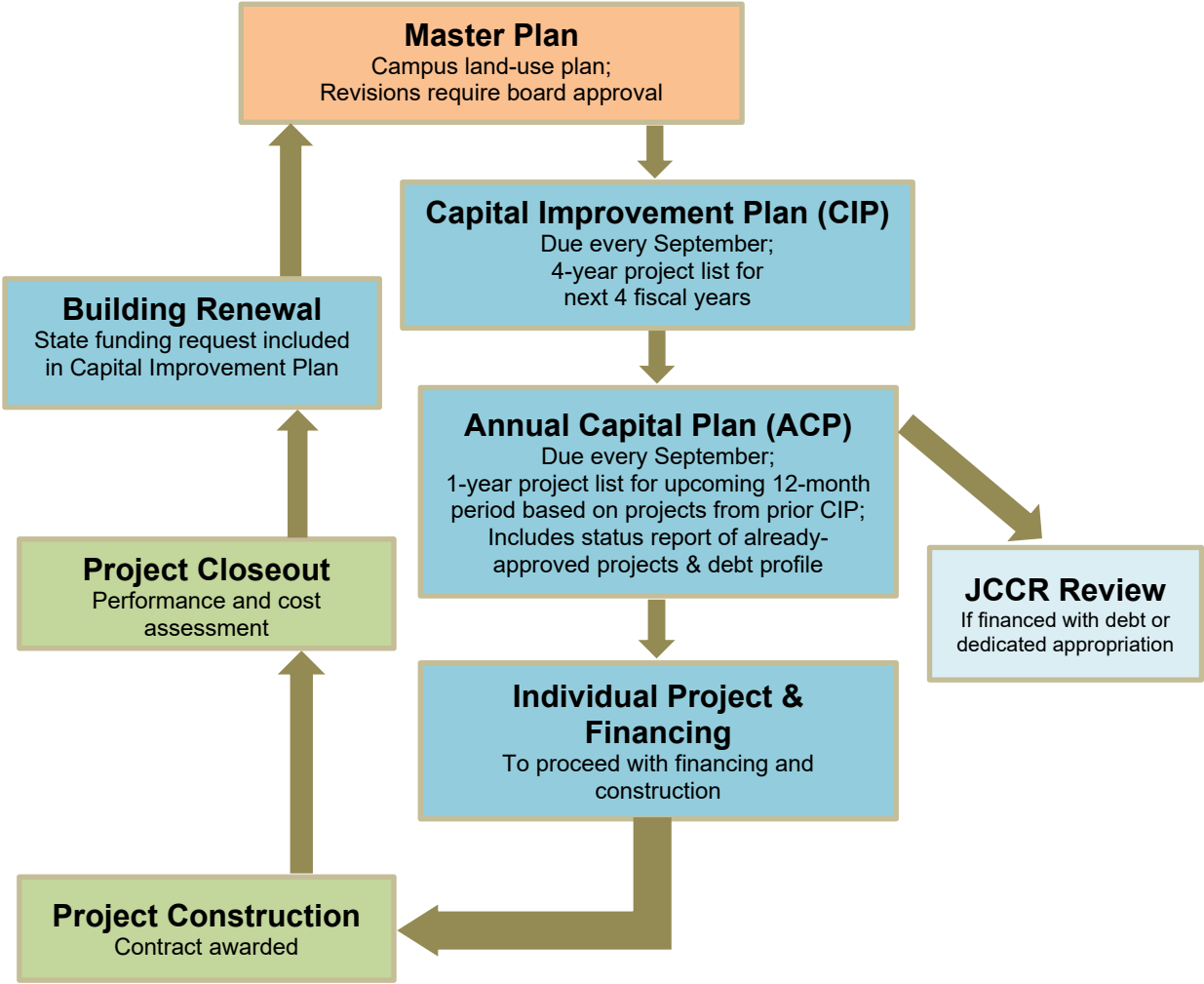
The Finance, Capital and Resources Committee reviewed this item for first reading at its March 24, 2022 meeting and subsequently reviewed on second reading at the May 26,

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2022 meeting, and recommended forwarding the revised item to the full board for approval.

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Capital Development Process
 For Major Capital Projects that are \$10 million or greater



	Submit to ABOR	Project Initiation Period	Comments
ACP: Year 0	Sept 2022	Sept 2022 – Sept 2023	standard executive summary template
CIP: Year 1 Years 2-4	Sept 2022	July 1, 2023 – June 30, 2024 July 1, 2024 - June 30, 2027	standard template w/ standard 2-page detail; standard template (name, description, cost est.)

EXECUTIVE SUMMARY

Proposed Chapter 7 Policies to be Repealed

7-103 IT Project Approval Process

REPEALED

7-105 Master Plans

REPEALED (substantive portions moved to 7-102)

7-106 Annual Capital Improvement Plans

REPEALED (substantive portions moved to 7-102)

7-107 Capital Development Plan

REPEALED (substantive portions moved to 7-102)

7-110 Project Construction

REPEALED (substantive portions moved to 7-102)

7-111 Project Closeout

REPEALED (substantive portions moved to 7-102)

7-112 Capital Project Status Reports

REPEALED

7-113 Space Inventory and Utilization Reports

REPEALED

7-114 Building Renewal:

REPEALED (substantive portions moved to 7-102)

7-202 Ownership and Procedures

REPEALED (substantive portions moved to 7-201)

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7-203 Purchase of Real Property

REPEALED (substantive portions moved to 7-201)

7-204 Sale of Real Property

REPEALED (substantive portions moved to 7-201)

7-205 Exchanges of Real Property

REPEALED (substantive portions moved to 7-201)

7-206 Appraisals

REPEALED (substantive portions moved to 7-201)

7-208 Use of Athletic Facilities by Professional Teams

REPEALED (substantive portions moved to 7-207)

7-209 Rental Rates

REPEALED (substantive portions moved to 7-207)

7-210 Easements and Rights-of-Way

REPEALED (substantive portions moved to 7-201)

7-211 Accepting Gifts of Real Property

REPEALED (substantive portions moved to 7-201)

7-213 Small Group Student Housing

REPEALED

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Proposed Chapter 7 Revised Policies

~~7-101 Definition~~

- ~~A. Alternative Construction Delivery Methods: Building Delivery Processes that vary from the more standard Design-Bid-Build model. These may include Construction Manager-At-Risk and Design-Build.~~
- ~~B. Architectural Program: The program is based on in-depth discussion with all identified building users and detailed analysis of standards and guidelines. It expands and redefines the facilities program to fully explain and document the following minimum requirements:~~
- ~~1. Required size, use, occupancy, and furnishing/equipment requirements of all spaces.~~
 - ~~2. Required relationships of spaces to other spaces.~~
 - ~~3. Required utility services for all spaces and investigations into available utilities.~~
 - ~~4. Environmental requirements for all spaces.~~
 - ~~5. Traffic/circulation requirements within and without the building. Building service requirements.~~
 - ~~6. Tabulation of all net assignable areas.~~
 - ~~7. Explanation of probable required non-assignable spaces.~~
 - ~~8. Calculation of probable gross building area.~~
 - ~~9. Code analysis.~~
 - ~~10. Site analysis, including utilities, circulation, service, orientation, adjacent structures, etc.~~
 - ~~11. Program cost estimate.~~
- ~~C. Asbestos Abatement: Programs to encapsulate or remove asbestos containing materials which, if they become airborne or "friable", would constitute a health threat.~~

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- ~~D. Backfill Plan: A plan for how release space will be reoccupied, including an estimate of associated costs and source of funds.~~
- ~~E. Building Renewal: Major activities that involve the repair or reworking of a building and the supporting infrastructure that will result in maintaining a building's expected useful life. Building renewal does not include new building additions, new infrastructure additions, landscaping and area beautification, routine maintenance, or demolition and removal of a building.~~
- ~~F. Finance, Capital and Resources Committee: A committee composed of four or more Regents charged to provide comprehensive review and approval of the capital development process, where delegated by Board policy, including capital projects, real property transactions, and financing activities.~~
- ~~G. Capital Development Plan (CDP): A plan for identifying capital building projects that each university intends to initiate during the following fiscal year, including a fiscal management plan.~~
- ~~H. Capital Improvement Plan (CIP) (Annual): Every year the universities are required to prepare a Capital Improvement Plan that contains proposals for spending on land acquisition, capital projects, energy systems, energy management systems and building renewal. This CIP is to include a one-year plan and at least a two-year forecast of proposed capital activity.~~
- ~~I. Capital Projects: Buildings, structures, facilities, infrastructure and areas constructed, renovated, or improved for the use or benefit of the Arizona Board of Regents, the universities under its jurisdiction, and the State of Arizona. (Major capital projects are those projects with a total project cost of:~~
- ~~1. \$5,000,000 or greater for renovation or infrastructure projects or~~
 - ~~2. \$10,000,000 or greater for new construction or information technology projects.~~
- ~~J. Construction Documents: Those documents used for the solicitation of bids and the subsequent construction of a project. These include the bidding documents, contract forms, technical and general specifications, drawings, any addenda issued during the bidding process and any approved change orders.~~
- ~~K. Debt Ratio: The numerator of the debt ratio shall include fiscal year debt service on outstanding and proposed bonds and certificates of~~

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participation, as shown in the most recent capital improvement plan, and the denominator shall be comprised of total projected expenses.

- ~~L. Deferred Maintenance: Facility condition deficiencies identified through physical inspections where deterioration and/or life safety concerns are evident and affect the proper functioning of the facility. Typical building components with deficiencies include: heating, ventilation and air conditioning, roofs, flooring, walls, ceiling and lighting, electrical and plumbing. Deferred maintenance does not include routine maintenance needs.~~
- ~~M. Demolition: The removal of all or any part of a structure for any purpose.~~
- ~~N. Disabled Access: Refers to making buildings and facilities accessible to individuals with disabilities, consistent with the Americans with Disabilities Act, through the elimination of architectural and communication barriers to the extent those barriers prevent access to programs, services and activities. Examples of modifications addressed to allow access by those with mobility impairments may include, but are not limited to: doorways, accessible paths of travel, restrooms, and seating areas. Other examples are modifications to accommodate individuals with visual and hearing impairments and may include, but are not limited to special signage, telecommunications, emergency alarms, and elevator modifications.~~
- ~~O. Facilities Program: Identifies future space requirements using the Regents= Space Guidelines, and other relevant planning guidelines. The program considers facility use information, projections of future use, and other related characteristics. The program document shall include, at a minimum, the following:
 - ~~1. An identification of the total amount of space in terms of quality and quantity (count of rooms and net assignable square feet by room type).~~
 - ~~2. An estimate of net assignable square feet by room type and total gross square feet.~~
 - ~~3. Justification of space needs.~~
 - ~~4. Enrollment activities, research projections, and/or other information, and how these support facility and/or campus needs.~~~~

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- ~~5. Reference to relevant standards and guidelines from comparable institutions as appropriate (e.g., Regents= Space Guidelines, CEFPI).~~
 - ~~6. Discussion of locational determinants for the facility and for the principal elements within the facilities program.~~
 - ~~7. Documentation of special physical requirements which would influence project costs. Other information necessary for the solicitation of architectural and engineering services.~~
 - ~~8. A preliminary total project cost estimate based upon the above information.~~
- ~~P. Fiscal Management Plan: A plan that identifies and justifies the source of funds, financing instruments, term and approaches (e.g., lease-lease/back), annual debt service, source of funds for debt service coverage, impact on tuition and annual operations and maintenance costs (including source of funds) for any capital project a university proposes to undertake. The plan will also address the potential impact of the project on university debt capacity and bonding authority (if applicable).~~
- ~~Q. Fixed Equipment: Consists of permanently affixed/installed furniture, fixtures and equipment. Examples include but are not limited to: elevators, bulletin boards, kitchen cabinets, environmental walk-in boxes, building directories, library shelving, drinking fountains, signage, plumbing fixtures, building mechanical systems, chalkboards, backbone telecom/data/systems and electrical systems, fume hoods, fixed electronic equipment, and fixed theater or classroom seating, as well as other fixtures and equipment installed with the intent of permanent use in that location.~~
- ~~R. Furniture/Fixtures and Equipment (FF&E): Moveable furniture, fixtures, or equipment that requires no permanent connection to utilities or to the structure. They may require utility outlets, but are plug-in types. Examples include but are not limited to: moveable or non-fixed theater or classroom seating, electronic equipment, desks, chairs, bookcases, files, waste receptacles, easels, partitions, refrigerators, tables, credenzas, stools, typing stands, computer stands and other furniture, including interior wall/furniture systems. FF&E also includes scientific or technical equipment such as autoclaves, centrifuges, lasers, spectrometers, shop equipment/tools, kilns, and microscopes.~~

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- ~~S. Infrastructure: Nonbuilding improvements that directly support operating a facility that is listed in the annual building system such as, but not limited to, utility delivery systems, (e.g., steam and chilled water) roadway systems, external lighting systems, irrigation systems, sidewalks and parking lots. Additional campus infrastructure includes: campus grounds, other circulation systems (bike paths, pedestrian routes, etc.), and parking structures.~~
- ~~T. Information Technology Project: As defined in ABOR Information Security Program Guidelines.~~
- ~~U. Land acquisition: The procurement of real property by gift, grant, purchase, lease purchase, condemnation or other lawful means.~~
- ~~V. Life Safety/Code Upgrades: Those items specifically related to compliance with life safety codes. Examples include but are not limited to: elimination of dead-end corridors, improvement of building exits, installation of fire sprinklers in existing construction, eliminating hazardous conditions, etc.~~
- ~~W. Major Maintenance: The periodic need to repair/rework building and infrastructure systems or components. Examples include but are not limited to: reroofing, disassembling and rebuilding air-conditioning system water chillers and other long-term maintenance requirements.~~
- ~~X. Master Plan: A document setting forth the concepts and guiding principles for future land use and development of campus facilities and infrastructure.~~
- ~~Y. New Construction: The creation of a new facility or the addition, expansion, or extension of an existing facility that adds to the building's overall gross square footage. Examples include but are not limited to: additions to existing facilities, construction of portable or temporary buildings, etc.~~
- ~~Z. Release Space: Space vacated in the existing inventory of campus buildings as a result of new space being added to that inventory (e.g., new construction, lease, etc.).~~
- ~~AA. Renovation: The reworking of an existing building or portion of an existing building, including the upgrading of major systems, which extends the useful life. Renovation includes the major replacement, or upgrading of building systems, components, or fixed equipment that is necessitated by facility obsolescence, change in use, ADA requirements, code~~

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~~requirements, physical plant wear-out, and/or related interior space modifications and aesthetic improvements. Examples include but are not limited to: demolition of the interior of a building or portion thereof including the removal and subsequent replacement of electrical, plumbing, heating, ventilating and air conditioning systems, fixed equipment, floor coverings and interior walls and partitions (whether fixed or moveable). The renovation of historic buildings that meet the evaluation criteria listed in the National Register of Historic Places shall be performed in accordance with the Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings and in consultation with the State Historic Preservation Office.~~

- ~~BB. Routine/Preventive Maintenance: The recurring need to keep in good repair building and infrastructure systems or components. Examples include but are not limited to: replacement of cooler pads, air filters, light bulbs, drive belts, lubrication, painting schedules, elevator maintenance, and other required scheduled maintenance.~~
- ~~CC. Shell Space: Building space that has not been finished as part of the original construction project. Examples include but are not limited to: unfinished areas of a building such as floors and basements.~~
- ~~DD. Sub-area Plan: A plan representing a portion of the campus that is less than the area covered by the Master Plan. Sub-area planning shall provide additional details and the necessary information for implementing the concepts and principles established by the Master Plan.~~
- ~~EE. Total project cost: The full cost of a project that includes all direct construction costs (material, labor, site development, utilities, and infrastructure, extension, inflation adjustment, etc.) and indirect costs (land acquisition, architectural and engineering fees, furniture/fixtures & equipment, contingencies, etc.)~~

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7-101 CAPITAL DEFINITIONS

- A. ANNUAL CAPITAL PLAN (ACP): A PLAN FOR IDENTIFYING MAJOR CAPITAL PROJECTS THAT EACH UNIVERSITY INTENDS TO INITIATE DURING THE UPCOMING 12-MONTH PERIOD, INCLUDING THIRD-PARTY PROJECTS AND A FISCAL MANAGEMENT PLAN.
- B. BUILDING RENEWAL: MAJOR ACTIVITIES THAT INVOLVE THE REPAIR OR REWORKING OF A BUILDING AND THE SUPPORTING INFRASTRUCTURE THAT WILL RESULT IN MAINTAINING A BUILDING'S EXPECTED USEFUL LIFE. BUILDING RENEWAL DOES NOT INCLUDE NEW BUILDING ADDITIONS, NEW INFRASTRUCTURE ADDITIONS, LANDSCAPING AND AREA BEAUTIFICATION, ROUTINE MAINTENANCE, OR DEMOLITION AND REMOVAL OF A BUILDING. CONSULTANT FEES RELATED TO BUILDING RENEWAL PROJECTS, FIXED EQUIPMENT, AND INTERIOR WALL/FURNITURE SYSTEMS WITH THE INTENT OF PERMANENT USE IN THAT LOCATION ARE AN ALLOWABLE USE OF BUILDING RENEWAL FUNDS.
- C. CAPITAL IMPROVEMENT PLAN (CIP): AN ANNUAL PLAN, IN ACCORDANCE WITH STATE STATUTE, THAT CONTAINS PROPOSALS FOR SPENDING ON LAND ACQUISITION, CAPITAL PROJECTS, INCLUDING THIRD-PARTY PROJECTS, ENERGY SYSTEMS, ENERGY MANAGEMENT SYSTEMS AND BUILDING RENEWAL. THE CIP INCLUDES A ONE-YEAR PLAN AND A THREE-YEAR FORECAST OF PROPOSED CAPITAL ACTIVITY.
- D. CAPITAL PROJECTS: BUILDINGS, STRUCTURES, FACILITIES, INFRASTRUCTURE AND AREAS CONSTRUCTED, RENOVATED, OR IMPROVED FOR THE USE OR BENEFIT OF THE ARIZONA BOARD OF REGENTS, THE UNIVERSITIES UNDER ITS JURISDICTION, AND THE STATE OF ARIZONA. THIS INCLUDES MAJOR CAPITAL PROJECTS AS DEFINED IN THIS SECTION.
- E. DEBT RATIO: THE NUMERATOR OF THE DEBT RATIO SHALL INCLUDE A UNIVERSITY'S FISCAL YEAR DEBT SERVICE ON OUTSTANDING AND PROPOSED BONDS AND CERTIFICATES OF PARTICIPATION, AS SHOWN IN THE MOST RECENT CAPITAL IMPROVEMENT PLAN, AND THE DENOMINATOR SHALL BE COMPRISED OF THE UNIVERSITY'S TOTAL PROJECTED EXPENSES FOR THE SAME FISCAL YEAR.
- F. DEFERRED MAINTENANCE: FACILITY CONDITION DEFICIENCIES IDENTIFIED THROUGH PHYSICAL INSPECTIONS WHERE DETERIORATION AND/OR LIFE SAFETY CONCERNS ARE EVIDENT AND

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- AFFECT THE PROPER FUNCTIONING OF THE FACILITY. TYPICAL BUILDING COMPONENTS THAT MAY HAVE DEFICIENCIES DEFINED AS DEFERRED MAINTENANCE INCLUDE: HEATING, VENTILATION AND AIR CONDITIONING, ROOFS, FLOORING, WALLS, CEILING AND LIGHTING, ELECTRICAL AND PLUMBING. DEFERRED MAINTENANCE DOES NOT INCLUDE ROUTINE MAINTENANCE NEEDS.
- G. FACILITIES PROGRAM: IDENTIFIES FUTURE SPACE REQUIREMENTS USING THE METHODOLOGY DEVELOPED BY THE BOARD OFFICE AND UNIVERSITIES, AND OTHER RELEVANT PLANNING GUIDELINES. THE PROGRAM CONSIDERS FACILITY USE INFORMATION, PROJECTIONS OF FUTURE USE, AND OTHER RELATED CHARACTERISTICS.
- H. FISCAL MANAGEMENT PLAN: A PLAN THAT IDENTIFIES AND JUSTIFIES THE SOURCE OF FUNDS, FINANCING INSTRUMENTS, TERMS AND APPROACHES (E.G., LEASE-LEASE/BACK), ANNUAL DEBT SERVICE, SOURCE OF FUNDS FOR DEBT SERVICE COVERAGE, IMPACT ON TUITION AND ANNUAL OPERATIONS AND MAINTENANCE COSTS (INCLUDING SOURCE OF FUNDS) FOR ANY MAJOR CAPITAL PROJECT A UNIVERSITY PROPOSES TO UNDERTAKE. THE PLAN WILL ALSO ADDRESS THE POTENTIAL IMPACT OF THE PROJECT ON UNIVERSITY DEBT CAPACITY AND BONDING AUTHORITY (IF APPLICABLE).
- I. FIXED EQUIPMENT: CONSISTS OF PERMANENTLY AFFIXED/INSTALLED FURNITURE/FIXTURES AND EQUIPMENT. EXAMPLES INCLUDE BUT ARE NOT LIMITED TO: ELEVATORS, BULLETIN BOARDS, KITCHEN CABINETS, ENVIRONMENTAL WALK-IN BOXES, BUILDING DIRECTORIES, LIBRARY SHELVING, DRINKING FOUNTAINS, SIGNAGE, PLUMBING FIXTURES, BUILDING MECHANICAL SYSTEMS, CHALKBOARDS, BACKBONE TELECOM/DATA/SYSTEMS AND ELECTRICAL SYSTEMS, FUME HOODS, FIXED ELECTRONIC EQUIPMENT, AND FIXED THEATER OR CLASSROOM SEATING, AS WELL AS OTHER FIXTURES AND EQUIPMENT INSTALLED WITH THE INTENT OF PERMANENT USE IN THAT LOCATION.
- J. FURNITURE/FIXTURES AND EQUIPMENT (FF&E): MOVEABLE FURNITURE, FIXTURES, OR EQUIPMENT THAT REQUIRE NO PERMANENT CONNECTION TO UTILITIES OR TO THE STRUCTURE. THEY MAY REQUIRE UTILITY OUTLETS, BUT ARE PLUG-IN TYPES. EXAMPLES INCLUDE BUT ARE NOT LIMITED TO: MOVEABLE OR NON-FIXED THEATER OR CLASSROOM SEATING, ELECTRONIC EQUIPMENT, DESKS, CHAIRS, BOOKCASES, FILES, WASTE RECEPTACLES, EASELS, PARTITIONS, REFRIGERATORS, TABLES, CREDENZAS, STOOLS, TYPING STANDS, COMPUTER STANDS AND

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- OTHER FURNITURE, INCLUDING INTERIOR WALL/FURNITURE SYSTEMS. FF&E ALSO INCLUDES SCIENTIFIC OR TECHNICAL EQUIPMENT SUCH AS AUTOCLAVES, CENTRIFUGES, LASERS, SPECTROMETERS, SHOP EQUIPMENT/TOOLS, KILNS, AND MICROSCOPES.
- K. INFRASTRUCTURE: NONBUILDING IMPROVEMENTS THAT DIRECTLY SUPPORT OPERATING A FACILITY THAT IS LISTED IN THE BUILDING INVENTORY REPORT SUCH AS, BUT NOT LIMITED TO, UTILITY DELIVERY SYSTEMS, (E.G., STEAM AND CHILLED WATER) ROADWAY SYSTEMS, EXTERNAL LIGHTING SYSTEMS, IRRIGATION SYSTEMS, SIDEWALKS AND PARKING LOTS. ADDITIONAL CAMPUS INFRASTRUCTURE INCLUDES: CAMPUS GROUNDS, OTHER CIRCULATION SYSTEMS (BIKE PATHS, PEDESTRIAN ROUTES, ETC.), AND PARKING STRUCTURES.
- L. INFORMATION TECHNOLOGY PROJECT: AS DEFINED IN ABOR INFORMATION SECURITY PROGRAM GUIDELINES.
- M. LAND ACQUISITION: THE PROCUREMENT OF REAL PROPERTY BY GIFT, GRANT, PURCHASE, LEASE PURCHASE, CONDEMNATION OR OTHER LAWFUL MEANS.
- N. MAJOR CAPITAL PROJECTS ARE THOSE CAPITAL PROJECTS WITH A TOTAL PROJECT COST OF \$10,000,000 OR GREATER, INCLUDING NEW CONSTRUCTION, RENOVATION, INFRASTRUCTURE, INFORMATION TECHNOLOGY OR THIRD-PARTY PROJECTS.
- O. MASTER PLAN: A DOCUMENT SETTING FORTH THE CONCEPTS AND GUIDING PRINCIPLES FOR FUTURE LAND USE AND DEVELOPMENT OF CAMPUS FACILITIES AND INFRASTRUCTURE.
- P. NEW CONSTRUCTION: THE CREATION OF A NEW FACILITY OR THE ADDITION, EXPANSION, OR EXTENSION OF AN EXISTING FACILITY THAT ADDS TO THE BUILDING'S OVERALL GROSS SQUARE FOOTAGE. EXAMPLES INCLUDE BUT ARE NOT LIMITED TO: ADDITIONS TO EXISTING FACILITIES, CONSTRUCTION OF PORTABLE OR TEMPORARY BUILDINGS, ETC.
- Q. RELEASE SPACE: SPACE VACATED IN THE EXISTING INVENTORY OF CAMPUS BUILDINGS AS A RESULT OF NEW SPACE BEING ADDED TO THAT INVENTORY (E.G., NEW CONSTRUCTION, LEASE, ETC.).

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- R. RENOVATION: THE REWORKING OF AN EXISTING BUILDING OR PORTION OF AN EXISTING BUILDING, INCLUDING THE UPGRADING OF MAJOR SYSTEMS, WHICH EXTENDS THE USEFUL LIFE. RENOVATION INCLUDES THE REPLACEMENT, OR UPGRADING OF MAJOR BUILDING SYSTEMS, COMPONENTS, OR FIXED EQUIPMENT.
- S. ROUTINE/PREVENTIVE MAINTENANCE: THE REGULAR AND ROUTINE WORK REQUIRED TO KEEP BUILDINGS AND INFRASTRUCTURE SYSTEMS OR COMPONENTS IN GOOD REPAIR. ROUTINE/PREVENTATIVE MAINTENANCE DOES NOT INCLUDE RENOVATIONS.
- T. SUB-AREA PLAN: A PLAN REPRESENTING A PORTION OF THE CAMPUS THAT IS LESS THAN THE AREA COVERED BY THE MASTER PLAN. SUB-AREA PLANNING SHALL PROVIDE ADDITIONAL DETAILS AND THE NECESSARY INFORMATION FOR IMPLEMENTING THE CONCEPTS AND PRINCIPLES ESTABLISHED BY THE MASTER PLAN.
- U. THIRD-PARTY PROJECT: IS A CAPITAL PROJECT IN WHICH A COMPONENT UNIT OF A UNIVERSITY, A NON-UNIVERSITY ORGANIZATION, OR A DEVELOPER PAYS FOR, ISSUES BONDS FOR, OR OTHERWISE FINANCES THE CAPITAL PROJECT AND THE CAPITAL PROJECT:
1. IS ON THE PROPERTY OF A UNIVERSITY;
 2. IS INTENDED TO HOUSE ANY UNIVERSITY ACTIVITIES;
 3. MAY EVENTUALLY BECOME STATE ASSETS; OR
 4. INCLUDES UNIVERSITY GUARANTEES OF REVENUES TO THE COMPONENT UNIT, ORGANIZATION, OR DEVELOPER OR THE UNIVERSITY WOULD MAKE DEBT SERVICE PAYMENTS ON BEHALF OF THE COMPONENT UNIT, ORGANIZATION, OR DEVELOPER.
 5. A THIRD-PARTY PROJECT DOES NOT INCLUDE A PROJECT THAT IS INTENDED TO BE COMMERCIAL IN NATURE AND IF THE MAJORITY OF THE PROJECT'S BUSINESS IS ANTICIPATED TO COME FROM THE NON-UNIVERSITY POPULATION.
- V. TOTAL PROJECT COST: THE FULL COST OF A PROJECT THAT INCLUDES ALL DIRECT CONSTRUCTION COSTS (E.G., MATERIAL, LABOR, SITE DEVELOPMENT, UTILITIES, AND INFRASTRUCTURE, EXTENSION, INFLATION ADJUSTMENT, ETC.) AND INDIRECT COSTS (E.G., LAND ACQUISITION, ARCHITECTURAL AND ENGINEERING FEES, FURNITURE/FIXTURES & EQUIPMENT, CONTINGENCIES, ETC.).

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7-102 Overview of the Capital Development Process and Phases

A. Description:

1. The capital development process is divided into 5 phases: Master Plan, Capital Improvement Plan, Capital Development Plan Approval, Project Construction, and Project Closeout.
2. During the Master Planning Phase, the Finance, Capital and Resources Committee and the board focus on the relationship between the university's mission statement, strategic plan, and campus physical development plans.
3. During the Capital Improvement Plan (CIP) phase, the Finance, Capital and Resources Committee and the board focus on the existing condition, utilization and expenditure of capital resources at each of the universities. The CIP includes a report on the university's land and leasing activities building renewal needs, and deferred maintenance activities. In each report, the universities identify proposed capital projects for the coming fiscal year and forecast capital projects that may begin in the subsequent two fiscal years.
4. During the Capital Development Plan Approval phase the Finance, Capital and Resources Committee and the board focus on the strategic planning perspective for proposed capital projects for the coming 12 months. The university identifies capital projects that contribute to the attainment of the university mission statement and strategic plan, justify the project need and cost, and defines elements of the scope, schedule, budget and funding and/or financing plan.
5. During the Project Construction phase the university awards contracts, and constructs the project in accordance with ABOR Policy 3-804, (Professional Services and Construction Services Procurement).
6. During the Project Closeout phase the university obtains substantial completion, completes building commission, final inspection, accepts and occupies the facility, and provides final payment to the consultants and contractors. The university performs a review and formal evaluation of the consultants' and contractors' performances.

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~~B. Projects that Require Approval~~

- ~~1. All capital projects with an estimated total project cost of \$10,000,000 or more including information technology and third-party projects shall be included in the Capital Development Plan.~~
- ~~2. Projects that originally were not required to enter the capital development process, but subsequently are forecasted to exceed the dollar threshold as described above, must be submitted in a revised Capital Development Plan.~~
- ~~3. Capital projects where the board and the university share with other entities (Federal, State, local, development groups, public/private ventures, etc.) the control, financing, or ownership (current or future) of the project and/or its delivery process and that are for university use and are subject to review under board policy 7-207, shall be included in the Capital Development Plan and reviewed by the Finance, Capital and Resources Committee and approved by the board. The university shall seek guidance from the board office to document the proposed process for board consideration. That process, at a minimum must include the following information, which may be provided in a single report or in a series of reports as details of the project are developed:
 - ~~a. Notice to the Finance, Capital and Resources Committee of intent to pursue development of an eligible project, including proposed project scope and justification, as well as the process for providing a reasonable opportunity for competition.~~
 - ~~b. Notice to the Finance, Capital and Resources Committee on development of negotiating parameters after the other entities have been identified or selected.~~
 - ~~c. Submission for Finance, Capital and Resources Committee and board consideration:
 - ~~(1) Identification of significant changes since capital development plan approval;~~
 - ~~(2) Proposed project schedule;~~~~~~

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- (3) ~~Project delivery method and process; as well as project construction, maintenance and operational standards;~~
- (4) ~~Fiscal impact and financing plans, and other related information that includes, but is not limited to, funding sources, debt payments, and estimated operation and maintenance costs, including quality control measures that will protect university interests in the areas of project financing;~~
- (5) ~~Project budget estimates and process used for developing estimates, including the use of qualified professionals;~~
- (6) ~~Outline of other entities involved (if applicable) including the equity position of other entities, anticipated returns to other entities, and/or contributions of other entities;~~
- (7) ~~Lease terms, including any ownership transition or purchase options, and~~
- (8) ~~Description of other related projects including related infrastructure improvements.~~

C. ~~Related Projects~~

- 1. ~~The universities are responsible for defining the parameters (size, cost and discrete elements) of capital projects with the following provisions:~~
 - a. ~~The parameters of a project shall not be defined with the objective to bypass or minimize the requirements set forth in board policy.~~
 - b. ~~The overall plans and costs for related and/or phased projects should be documented for consideration by the Finance, Capital and Resources Committee.~~
- 2. ~~Groups of related projects that will be combined under a single procurement that exceeds the approval threshold for capital projects shall be included in the Capital Development Plan. Projects within a project group shall share common attributes, such as~~

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~~location, project type, etc. Projects with no common attributes may not be bundled into one project group.~~

~~D. Description of Project Financing:~~

- ~~1. Universities must designate funding sources, including annual debt service if required to construct each project proposed in the Capital Development Plan.~~
 - ~~a. Universities have authority to issue and maintain a commercial paper program for capital financing provided the use of commercial paper is identified in the project fiscal management plan submitted for board approval, including:
 - ~~(1) Total amount to be issued,~~
 - ~~(2) Anticipated and maximum interest rates and pricing parameters, and~~
 - ~~(3) Anticipated final maturity date or final renewal periods for the Commercial Paper.~~~~
- ~~2. Request for debt issuance approval included in the Capital Development Plan must disclose fully the estimated costs of the project and the debt issuance, information on debt capacity, outstanding debt levels, and debt service payments.~~
- ~~3. Any capital project funded with debt may not increase the university's debt ratio to more than 8% for any year shown in the capital improvement plan.~~
- ~~4. The final maturity of any capital financing undertaken by a university will not exceed 40 years, or the estimated useful life of the capital asset being acquired or constructed. Whichever is less.~~
- ~~5. In requesting authority for capital debt, each university shall provide written justification for the debt instrument requested that will include the assumptions made for the source of resources for the repayment of the debt, and the fiscal impact.~~
- ~~6. If projects require specific Legislative review:
 - ~~a. The projects may be presented to the Legislature, or its designated committee, for review after receiving Capital~~~~

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~~Development Plan approval. However, projects shall have legislative review prior to construction.~~

~~b. The request for Legislative review shall display full disclosure of the estimated costs of the project, and if applicable, the bond issuance.~~

~~c. Use of bond authority for a project in excess of the amount initially approved by the board and review by the Legislature will require board approval prior to seeking review from the Legislature.~~

~~E. The board office and universities shall develop guidelines related to developing project cost estimates, fee schedules, and building and space specifications.~~

~~F. Public Art for Major Capital Projects~~

~~1. Funds to provide public art may be budgeted for any major building to be constructed or renovated. Major buildings are those with total project costs of \$1,000,000 or greater.~~

~~2. Funds will be for the purpose of placing, maintaining, repairing, removing or inventorying works of art (murals, frescoes, sculptures, fountains, mosaics, etc.) in or around university facilities.~~

~~3. The funded amount for public art shall not exceed one-half of one percent (0.5%) of the construction cost for any major building.~~

~~G. Building Design for persons with Disabilities: All new buildings and structures constructed or renovated at each institution shall comply with the provisions of The Arizonans with Disabilities Act of 1992, A.R.S. §41-1492 et seq., and any amendment thereof relating to making public buildings accessible and functional for the disabled.~~

~~H. Plaques for Buildings: Plaques installed on new buildings at each institution shall carry the names of the governor and other members of the board in office at the time the construction contract was awarded, together with the president of the institution, the architect, the contractor, and other participants deemed appropriate.~~

~~I. Forms referenced in Chapter VII: Under the direction of the executive director of the board, the board office and the universities have the responsibility to update and improve the various reports referenced in~~

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~~board policy with the objective of presenting information to the Finance,
Capital and Resources Committee and the board in an effective format
and manner.~~

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7-102 CAPITAL DEVELOPMENT PROCESS

- A. ALL MAJOR CAPITAL PROJECTS REQUIRE COMMITTEE REVIEW AND BOARD APPROVAL.
 - 1. A UNIVERSITY SHALL NOT DIVIDE A MAJOR CAPITAL PROJECT INTO MULTIPLE CONTRACTS, EACH WITH AN ESTIMATED COST OF \$10,000,000 OR LESS, FOR THE PURPOSE OF EVADING COMMITTEE REVIEW AND BOARD APPROVAL.
 - 2. PROJECTS THAT ORIGINALLY WERE NOT REQUIRED TO ENTER THE CAPITAL DEVELOPMENT PROCESS, BUT SUBSEQUENTLY ARE FORECASTED TO MEET THE DEFINITION OF MAJOR CAPITAL PROJECTS.
 - 3. MAJOR CAPITAL PROJECTS WHERE THE BOARD AND THE UNIVERSITY SHARE WITH OTHER ENTITIES (E.G., FEDERAL, STATE, LOCAL, DEVELOPMENT GROUPS, PUBLIC/PRIVATE VENTURES, ETC.) THE CONTROL, FINANCING, OR OWNERSHIP (CURRENT OR FUTURE) OF THE PROJECT AND/OR ITS DELIVERY PROCESS AND THAT ARE FOR UNIVERSITY USE AND ARE SUBJECT TO REVIEW UNDER BOARD POLICY 7-207(A)(1).
- B. THE CAPITAL DEVELOPMENT PROCESS FOR ANY UNIVERSITY MAJOR CAPITAL PROJECT IS DIVIDED INTO 6 PHASES: MASTER PLAN, ANNUAL CAPITAL PLAN, CAPITAL IMPROVEMENT PLAN, INDIVIDUAL PROJECT AND FINANCING, PROJECT CONSTRUCTION, AND PROJECT CLOSEOUT.
 - 1. MASTER PLAN. MASTER PLANS WILL BE DEVELOPED BY THE UNIVERSITIES FOR UNIVERSITY CAMPUSES TO GUIDE THEIR DEVELOPMENT, WHICH WILL ALIGN WITH THE UNIVERSITY'S STRATEGIC PLAN PURSUANT TO BOARD POLICY 1-206. DURING THE MASTER PLANNING PHASE, THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND THE BOARD FOCUS ON THE RELATIONSHIP BETWEEN THE UNIVERSITY'S MISSION STATEMENT, STRATEGIC PLAN, AND CAMPUS PHYSICAL DEVELOPMENT PLANS.
 - a. THE MASTER PLAN SHALL DEFINE THE CAMPUS PLANNING BOUNDARIES.

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- b. SUB-AREA PLANS WITHIN THE CAMPUS PLANNING BOUNDARIES SHALL BE DEVELOPED AS THE UNIVERSITIES DEEM NECESSARY, AND SUBMITTED TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE FOR REVIEW AS SET FORTH IN SUBSECTION (B)(1)(H) BELOW.
- c. MASTER AND SUB-AREA PLANS SHOULD DEFINE THE DIRECTION, PHYSICAL NEEDS, LAND ACQUISITION, AND OVERALL APPROACH OF THE UNIVERSITY FOR A 10-YEAR TIMEFRAME. CAMPUS PHYSICAL DEVELOPMENT PLANS SHOULD BE BASED ON THE ACADEMIC AND RESEARCH SERVICES THE INSTITUTION INTENDS TO PROVIDE, ON THE STUDENT POPULATION IT PROJECTS TO SERVE, AND ON THE IMAGE THE UNIVERSITY LEADERSHIP WISHES TO PROJECT.
- d. A LIST OF OTHER LARGE PARCELS OF UNIVERSITY LAND OUTSIDE OF THE CAMPUS PLANNING BOUNDARIES, INCLUDING ANY PLANNED USES FOR THE PARCELS, SHALL BE SUBMITTED TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE IN AN APPENDIX OF THE MASTER PLAN. LARGE PARCELS ARE THOSE THAT ARE GREATER THAN 100 ACRES OR THOSE THAT HAVE BEEN IDENTIFIED AS BEING IN A STRATEGIC LOCATION.
- e. MASTER PLANS SHALL BE BROUGHT TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE FOR REVIEW AND TO THE BOARD FOR APPROVAL.
 - (1) THE UNIVERSITIES WILL MAINTAIN AN ONGOING PLANNING PROCESS AND CONDUCT COMPREHENSIVE MASTER PLAN REVIEWS.
 - (2) EACH UNIVERSITY WILL HAVE A MASTER PLAN THAT HAS BEEN APPROVED BY THE BOARD. THE BOARD WILL APPROVE ANY REVISIONS TO THE MASTER PLAN.
- f. THE PRESENTATION OF MATERIALS TO THE COMMITTEE AND BOARD SHALL INCLUDE AN IDENTIFICATION OF MAJOR AREAS OF PUBLIC

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CONCERN, IF ANY, AND HOW THE PLAN WILL ADDRESS THOSE CONCERNS.

- g. THE MASTER PLAN SHALL SUPPORT THE UNIVERSITY'S MISSION STATEMENT AND STRATEGIC PLAN.
 - h. SUB-AREA PLANS SHALL BE BROUGHT TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE FOR REVIEW AND TO THE BOARD FOR APPROVAL UNDER THE FOLLOWING CIRCUMSTANCES:
 - (1) PLANS DEVIATE FROM THE GUIDELINES ESTABLISHED BY THE APPROVED MASTER PLAN; AND
 - (2) PLANS POSE A POTENTIAL FOR IDENTIFIABLE IMPACT ON THE LOCAL MUNICIPALITIES AND/OR COMMUNITIES, EITHER ADJOINING OR REMOTE FROM CAMPUS BOUNDARIES. THIS IMPACT SHALL BE DISCUSSED AS APPROPRIATE.
 - i. BOARD APPROVAL OF A MASTER PLAN DOES NOT CONSTITUTE APPROVAL OF ANY SPECIFIC PROJECTS OR DEVELOPMENTS INCLUDED IN THE MASTER PLAN. ALL SUCH PROJECTS MUST FOLLOW THE CAPITAL DEVELOPMENT PROCESS AS OUTLINED IN THIS CHAPTER 7.
 - j. APPROVAL OF SPECIFIC DESIGN STANDARDS OR ARCHITECTURAL GUIDELINES THAT MAY BE REFERENCED IN A PLAN SHALL BE DELEGATED TO THE UNIVERSITY PRESIDENT AFTER THE PLAN IS APPROVED.
2. ANNUAL CAPITAL PLAN. EACH UNIVERSITY SHALL SUBMIT AN ANNUAL CAPITAL PLAN (ACP) FOR THE UPCOMING 12-MONTH PERIOD IN ACCORDANCE WITH THE CALENDAR AND FORM APPROVED BY THE EXECUTIVE DIRECTOR OF THE BOARD. THE ACP IDENTIFIES MAJOR CAPITAL PROJECTS THAT CONTRIBUTE TO THE ATTAINMENT OF THE UNIVERSITY MISSION STATEMENT AND STRATEGIC PLAN, JUSTIFIES THE PROJECT NEED AND COST, AND

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DEFINES ELEMENTS OF THE SCOPE, SCHEDULE, BUDGET AND FUNDING AND/OR FINANCING PLAN. THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND THE BOARD FOCUS ON THE STRATEGIC PLANNING PERSPECTIVE WHEN REVIEWING AND APPROVING THE ACP.

- a. MAJOR CAPITAL PROJECTS INCLUDED IN THE ACP ARE CARRIED FORWARD FROM THE PREVIOUSLY APPROVED CIP. IN ORDER FOR A PROJECT TO APPEAR IN THE ACP, IT MUST FIRST HAVE BEEN APPROVED AS PART OF THE PRIOR CIP.
 - (1) IF A PROJECT HAS NOT APPEARED IN A PRIOR CIP, A WAIVER OF THIS BOARD POLICY CAN BE REQUESTED IN ORDER FOR A PROJECT TO APPEAR ON AN ACP THAT HAS NOT APPEARED ON A CIP.
 - (2) FOR PREVIOUSLY APPROVED PROJECTS THAT HAVE NOT RECEIVED INDIVIDUAL PROJECT AND FINANCING APPROVAL, THE PROJECT SHALL BE RE-SUBMITTED FOR ACP APPROVAL.
- b. ACPS ARE REVIEWED BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND APPROVED BY THE BOARD.
- c. AMENDMENTS TO THE ACP SHALL BE REVIEWED BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND CONSIDERED FOR APPROVAL AT BOARD MEETINGS FOR PROJECTS REQUIRING BUDGET AND/OR SCOPE INCREASES AND FOR NEW PROJECTS ADDED OUTSIDE OF THE REGULAR ACP SCHEDULE.
- d. EACH NEW PROJECT SUBMITTED FOR ACP APPROVAL SHALL INCLUDE A CONCISE PROJECT JUSTIFICATION REPORT TO THE BOARD. THE PROJECT JUSTIFICATION REPORT SHALL BE IN A FORM DEVELOPED BY THE EXECUTIVE DIRECTOR OF THE **BOARD** AND SHOULD JUSTIFY THE NEED FOR THE PROJECT BASED UPON THE UNIVERSITY'S MISSION, STRATEGIC PLAN, AND OTHER SUPPORTING DOCUMENTATION. THE PROJECT

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JUSTIFICATION REPORT SHALL INCLUDE AT LEAST THE FOLLOWING INFORMATION:

- (1) PRIOR FINANCE, CAPITAL AND RESOURCES COMMITTEE AND BOARD ACTION;
- (2) STATUTORY AND BOARD POLICY REQUIREMENTS;
- (3) PROJECT JUSTIFICATION, STRATEGIC IMPLICATIONS, AND PROJECT COMPLIANCE WITH MISSION, UNIVERSITY AND SYSTEM STRATEGIC PLANS AND GOALS, CAMPUS MASTER PLAN AND COMMUNITY INPUT PROCESS. WHEN APPLICABLE, THIS SECTION MAY ALSO INCLUDE A REVIEW OF HOW THE PROJECT ALIGNS WITH THE FOLLOWING UNIVERSITY PRIORITIES:
 - (a) ACADEMIC AND RESEARCH NEEDS;
 - (b) STUDENT SUPPORT REQUIREMENTS;
 - (c) OPERATIONAL PRIORITIES; AND
 - (d) FUNDING SOURCES/FINANCING OPTIONS.
- (4) PROJECT DESCRIPTION, SCOPE AND COMPLIANCE WITH SPACE STANDARDS, INCLUDING THE ~~EXPENDED~~ **EXPECTED** USEFUL LIFE OF THE PROJECT;
- (5) PROJECT DELIVERY METHOD AND PROCESS;
- (6) PROJECT COSTS AND THE METHODOLOGY USED TO DEVELOP THE TOTAL PROJECT COST, INCLUDING ESTIMATES PREPARED BY PROFESSIONALS AND COMPARISON OF COST TO OTHER SIMILAR PREVIOUSLY APPROVED PROJECTS AND COMPLETED PROJECTS FROM THE DATABASES ESTABLISHED PURSUANT TO SUBSECTION B.5.E.(4), INCLUDING AN EXPLANATION OF SIGNIFICANT COST

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DIFFERENCES FROM THE COMPARABLE
PROJECTS;

- (7) PROJECT STATUS AND SCHEDULE;
 - (8) A FISCAL IMPACT AND FINANCE PLAN, WHICH EXPLAINS HOW THE UNIVERSITIES INTEND TO FUND THE PROJECT, AND TO INCLUDE ANNUAL DEBT SERVICE AND THE IMPACT TO THE FUNDING SOURCES THAT WILL PAY THE DEBT SERVICE, AS WELL AS ANNUAL OPERATIONS AND MAINTENANCE COSTS;
 - (9) A BACKFILL PLAN FOR HOW RELEASE SPACE WILL BE REOCCUPIED, INCLUDING AN ESTIMATE OF ASSOCIATED COSTS AND SOURCE OF FUNDS.
 - (10) A DESCRIPTION OF OTHER RELATED PROJECTS INCLUDING RELATED INFRASTRUCTURE IMPROVEMENTS;
 - (11) THE NUMBER OF ANTICIPATED THIRD-PARTY PROJECTS, COMPONENT UNIT PROJECTS, AND LONG-TERM LEASES THAT ARE COMMERCIAL IN NATURE EXPECTED TO BE ENTERED INTO IN THE NEXT YEAR AND THAT REQUIRE BOARD APPROVAL; AND
 - (12) PROJECT SITE PLAN.
- e. DESCRIPTION OF PROJECT FINANCING:
- (1) UNIVERSITIES MUST DESIGNATE THE FUNDING SOURCES REQUIRED TO CONSTRUCT EACH PROJECT PROPOSED IN THE ACP. IF THE PROJECT WILL BE DEBT FINANCED, THE PLAN MUST INCLUDE THE FUNDING SOURCES FOR DEBT SERVICE.
 - (2) THE ACP MUST INCLUDE THE ESTIMATED COSTS OF THE PROJECT AND THE DEBT ISSUANCE, INFORMATION ON DEBT CAPACITY,

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OUTSTANDING DEBT LEVELS, AND DEBT SERVICE PAYMENTS.

- (3) ANY CAPITAL PROJECT FUNDED WITH DEBT MAY NOT INCREASE THE UNIVERSITY'S DEBT RATIO TO MORE THAN 8% FOR ANY YEAR.
 - (4) THE FINAL MATURITY OF ANY CAPITAL FINANCING UNDERTAKEN BY A UNIVERSITY WILL NOT EXCEED 40 YEARS OR THE ESTIMATED USEFUL LIFE OF THE CAPITAL ASSET BEING ACQUIRED OR CONSTRUCTED, WHICHEVER IS LESS.
- f. IF MAJOR CAPITAL PROJECTS REQUIRE SPECIFIC LEGISLATIVE REVIEW:
- (1) THE PROJECTS MAY BE PRESENTED TO THE LEGISLATURE, OR ITS DESIGNATED COMMITTEE, FOR REVIEW AFTER RECEIVING ACP APPROVAL.
 - (2) THE REQUEST FOR LEGISLATIVE REVIEW SHALL INCLUDE THE ESTIMATED COSTS OF THE PROJECT, AND IF APPLICABLE, THE BOND ISSUANCE.
 - (3) USE OF BOND AUTHORITY FOR A PROJECT IN EXCESS OF THE AMOUNT INITIALLY APPROVED BY THE BOARD AND REVIEWED BY THE LEGISLATURE WILL REQUIRE BOARD APPROVAL PRIOR TO SEEKING REVIEW OF THE INCREASED AMOUNT BY THE LEGISLATURE.
- g. AUTHORITY GRANTED BY ACP APPROVAL
- (1) ACP APPROVAL AUTHORIZES THE UNIVERSITIES TO SEEK LEGISLATIVE REVIEW FOR DEBT-FUNDED OR THIRD-PARTY PROJECTS, IF APPLICABLE.
 - (2) THE UNIVERSITY MAY TRANSFER FUNDS AMONG EXPENDITURE CATEGORIES IN THE

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TOTAL PROJECT BUDGET WITHOUT BOARD APPROVAL.

- (3) BOARD APPROVAL IS REQUIRED TO AMEND AN ACP.

3. CAPITAL IMPROVEMENT PLAN. EACH UNIVERSITY WILL COMPLETE AN ANNUAL CAPITAL IMPROVEMENT PLAN (CIP), AS REQUIRED BY STATE STATUTE AND BOARD POLICY. DURING THE CIP PHASE, THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND THE BOARD FOCUS ON THE EXISTING CONDITION, UTILIZATION AND EXPENDITURE OF CAPITAL RESOURCES AT EACH OF THE UNIVERSITIES. THE CIP INCLUDES A REPORT ON THE UNIVERSITY'S LAND AND LEASING ACTIVITIES, BUILDING RENEWAL NEEDS, AND DEFERRED MAINTENANCE ACTIVITIES. IN EACH REPORT, THE UNIVERSITIES IDENTIFY PROPOSED MAJOR CAPITAL PROJECTS FOR THE COMING FISCAL YEAR, WHICH IS THE YEAR FOLLOWING THE SUBMITTAL OF THE REPORT, AND FORECAST MAJOR CAPITAL PROJECTS THAT MAY BEGIN IN THE SUBSEQUENT THREE FISCAL YEARS.
 - a. THE ANNUAL CIP SERVES THREE MAIN FUNCTIONS:
 - (1) TO SERVE AS A REFERENCE DOCUMENT FOR CURRENT FACILITIES INVENTORY AND RELATED FINANCIAL MANAGEMENT INFORMATION;
 - (2) TO REQUEST GENERAL FUND MONIES, INCLUDING BUILDING RENEWAL, FROM THE STATE; AND
 - (3) TO IDENTIFY MAJOR CAPITAL PROJECTS THE UNIVERSITY INTENDS TO IMPLEMENT DURING THE NEXT FISCAL YEAR ALONG WITH A FORECAST OF PROPOSED ACTIVITIES IN THE FOLLOWING THREE FISCAL YEARS.

 - b. EACH UNIVERSITY WILL SUBMIT TO THE FINANCE, CAPITAL AND RESOURCE COMMITTEE A FULLY DEVELOPED CIP IN ACCORDANCE WITH THE CALENDAR APPROVED BY THE COMMITTEE CHAIR.

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THE PLAN SHALL INCLUDE THE FOLLOWING
ELEMENTS:

- (1) CAPITAL ALLOCATION FOR PROJECTS BY SOURCE AND USE OF FUNDS;
 - (2) BUILDING RENEWAL REPORT;
 - (3) DEFERRED MAINTENANCE REPORT;
 - (4) BUILDING INVENTORY REPORT;
 - (5) LEASE REPORT;
 - (6) LAND REPORT;
 - (7) CAPITAL PROJECT STATUS REPORT;
 - (8) CAPITAL PROJECT STATUS REPORT FOR PROJECTS THAT HAVE BEEN SUBMITTED TO THE JOINT COMMITTEE ON CAPITAL REVIEW AND HAVE NOT BEEN SUBSTANTIALLY COMPLETED;
 - (9) ONE-YEAR CAPITAL PLAN PLUS A THREE-YEAR FORECAST;
 - (10) FOR FIRST YEAR PROJECTS, PROJECT DESCRIPTIONS, JUSTIFICATIONS, SCOPE, DELIVERY METHOD AND BUDGETS, INCLUDING ALIGNMENT WITH UNIVERSITY-SPECIFIC AND SYSTEM-WIDE STRATEGIC PLANS AND GOALS;
 - (11) DEBT CAPACITY IN ACCORDANCE WITH BOARD POLICY 3-411 "ANNUAL REPORT ON DEBT CAPACITY"; AND
 - (12) THE NUMBER OF ANTICIPATED THIRD-PARTY PROJECTS, COMPONENT UNIT PROJECTS, AND LONG-TERM LEASES THAT ARE COMMERCIAL IN NATURE EXPECTED TO BE ENTERED INTO IN THE NEXT YEAR AND THAT REQUIRE BOARD APPROVAL.
- c. AUTHORITY GRANTED BY CIP APPROVAL
- (1) CIP APPROVAL AUTHORIZES THE UNIVERSITIES TO CONTRACT FOR OUTSIDE PROFESSIONAL AND CONSULTANT SERVICES, CONSTRUCTION MANAGEMENT AND PRECONSTRUCTION SERVICES, AND SITE INVESTIGATION AND PREPARATION.
- d. BUILDING RENEWAL

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- (1) BUILDING RENEWAL FUNDS SHALL BE CALCULATED FOR EVERY ELIGIBLE BUILDING BY THE UNIVERSITIES EACH YEAR UTILIZING THE FORMULA APPROVED BY THE LEGISLATURE'S JOINT COMMITTEE ON CAPITAL REVIEW (A.R.S. § 41-793.01) AND INSTRUCTIONS FROM THE BOARD OFFICE. EACH UNIVERSITY SHALL REQUEST FROM THE LEGISLATURE, VIA THE SUBMISSION OF THE ANNUAL CIP, THE TOTAL AMOUNT OF BUILDING RENEWAL CALCULATED.
 - (2) THE AMOUNT OF FUNDS GENERATED BY THE BUILDING RENEWAL FORMULA FOR EACH ELIGIBLE BUILDING SHALL BE INCLUDED IN THE BUILDING INVENTORY REPORT, WHICH IS INCORPORATED INTO THE ANNUAL CIP. THE REPORT ALSO SHALL LIST THE ESTIMATED DEFERRED MAINTENANCE FOR EACH BUILDING.
 - (3) BUILDING RENEWAL APPROPRIATED BY THE STATE MAY BE USED FOR PROJECTS AS DEFINED IN STATE STATUTE (A.R.S. § 41-790) OR IN SESSION LAW.
 - (4) BUILDING REPLACEMENT VALUES ALONG WITH BUILDING AGE ARE THE PRIMARY VARIABLES IN COMPUTING THE STATE-APPROPRIATED BUILDING RENEWAL REQUEST. THE BOARD OFFICE AND UNIVERSITIES SHALL DEVELOP AND MAINTAIN A METHODOLOGY TO BE USED FOR CALCULATING THE ESTIMATED REPLACEMENT VALUES FOR THE BUILDING INVENTORY REPORT. THE BOARD OFFICE SHALL PROVIDE DIRECTION TO THE UNIVERSITIES FOR CALCULATING ESTIMATED BUILDING REPLACEMENT VALUE AND BUILDING RENEWAL.
- e. THE BOARD OFFICE AND UNIVERSITIES SHALL DEVELOP AND MAINTAIN A METHODOLOGY FOR DEVELOPING SPACE INVENTORY GUIDELINES TO

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ASSIST IN PLANNING POTENTIAL CAPITAL PROJECTS
AND TO ESTIMATE BUILDING REPLACEMENT VALUES.

4. INDIVIDUAL PROJECT AND FINANCING. MAJOR CAPITAL PROJECTS THAT ARE INCLUDED IN AN APPROVED ACP MUST BE SUBMITTED FOR INDIVIDUAL PROJECT AND FINANCING REVIEW BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND APPROVAL BY THE BOARD, BASED UPON THE BUDGET, SCHEDULE, SCOPE, AND OTHER CONSIDERATIONS AS WARRANTED. EACH PROJECT WILL BE SUBMITTED SEPARATELY AND MAY BE SUBMITTED AT THE SAME MEETING AS THE ACP.
 - a. AUTHORITY GRANTED BY INDIVIDUAL PROJECT AND FINANCING APPROVAL
 - (1) INDIVIDUAL PROJECT AND FINANCING APPROVAL AUTHORIZES A UNIVERSITY TO PROCEED WITH FINANCING AND EXECUTION OF CONSTRUCTION CONTRACTS FOR AN APPROVED PROJECT.
 - (2) A PROJECT MUST BE RESUBMITTED TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE FOR REVIEW AND THEN FORWARDED TO THE FULL BOARD FOR APPROVAL, IF THE UNIVERSITY DOES NOT INITIATE CONSTRUCTION WITHIN 12 MONTHS OF INDIVIDUAL PROJECT AND FINANCING APPROVAL BY THE BOARD.
 - (3) IF A PROJECT'S GROSS SQUARE FOOTAGE CHANGES BY 15% OR MORE OR IF THE TOTAL PROJECT COST INCREASES, THE UNIVERSITY SHALL REPORT THE CHANGES TO THE BOARD OFFICE.
5. PROJECT CONSTRUCTION. DURING PROJECT CONSTRUCTION, THE UNIVERSITY AWARDS CONTRACTS AND CONSTRUCTS THE PROJECT IN ACCORDANCE WITH BOARD POLICY 3-804 "PROFESSIONAL SERVICES AND CONSTRUCTION SERVICES PROCUREMENT". DURING PROJECT CONSTRUCTION:

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- a. UNIVERSITIES SELECT OR CONTINUE WITH PREVIOUSLY SELECTED CONSULTANTS;
- b. UNIVERSITIES PROCEED WITH THE BIDDING PROCESS, CONTRACTOR SELECTION, CONTRACT EXECUTION, CONTRACT AWARD AND CONSTRUCTION;
- c. THE UNIVERSITIES MAY TRANSFER FUNDS AMONG EXPENDITURE CATEGORIES IN THE TOTAL PROJECT BUDGET WITHOUT FINANCE, CAPITAL AND RESOURCES COMMITTEE OR BOARD APPROVAL;
- d. FINANCE, CAPITAL AND RESOURCES COMMITTEE REVIEW AND BOARD APPROVAL IS REQUIRED FOR INCREASES IN TOTAL PROJECT COST; AND
- e. THE UNIVERSITIES SHALL DEVELOP PROCEDURES AS FOLLOWS:
 - (1) THE SELECTION OF ARCHITECT/ENGINEERS, CONSTRUCTION MANAGERS, CONTRACTORS, AND SELECTION OF SPECIALTY CONSULTANTS AND THE MONITORING OF CONSTRUCTION SHALL BE CONSISTENT WITH BOARD POLICIES;
 - (2) THESE PROCEDURES SHALL INCLUDE CONTROLS TO ENSURE THAT PROJECTS REQUIRING LEGISLATIVE APPROVAL OBTAIN APPROVAL PRIOR TO COMMENCING CONSTRUCTION;
 - (3) PROJECT CONTROL PROCEDURES SHALL INCLUDE UNIVERSITY REQUIREMENTS FOR CHANGE ORDERS, COST ESTIMATES, PROJECT REPORTING, AND RECORDS MANAGEMENT; AND
 - (4) A COST INFORMATION DATABASE SHALL BE DEVELOPED FOR COMPLETED PROJECTS TO PROVIDE ACTUAL COST INFORMATION FOR SIMILAR PROJECTS.

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- f. BUILDING DESIGN FOR ACCESSIBILITY: ALL NEW BUILDINGS AND STRUCTURES CONSTRUCTED OR RENOVATED AT EACH UNIVERSITY SHALL COMPLY WITH ALL APPLICABLE LAWS, REGULATIONS AND POLICIES, INCLUDING THE PROVISIONS OF THE ARIZONANS WITH DISABILITIES ACT OF 1992, A.R.S. §§ 41-1492 ET SEQ., APPLICABLE UNIVERSITY POLICIES, AS REVISED, REPLACED OR AMENDED FROM TIME TO TIME, RELATING TO MAKING PUBLIC BUILDINGS ACCESSIBLE AND FUNCTIONAL FOR INDIVIDUALS WITH DISABILITIES.
 - g. PLAQUES FOR BUILDINGS: A UNIVERSITY MAY INSTALL A PLAQUE ON A NEW BUILDING. IF INSTALLED, THE PLAQUE SHALL CARRY THE NAMES OF MEMBERS OF THE BOARD IN OFFICE AT THE TIME THE CONSTRUCTION CONTRACT WAS AWARDED AND OTHER PARTICIPANTS DEEMED APPROPRIATE.
6. PROJECT CLOSEOUT. DURING PROJECT CLOSEOUT, THE PROJECT REACHES SUBSTANTIAL COMPLETION, THE UNIVERSITY COMPLETES BUILDING COMMISSION AND FINAL INSPECTION, ACCEPTS AND OCCUPIES THE FACILITY, AND PROVIDES FINAL PAYMENT TO THE CONSULTANTS AND CONTRACTORS. THE UNIVERSITY PERFORMS A REVIEW AND FORMAL EVALUATION OF THE CONSULTANTS' AND CONTRACTORS' PERFORMANCES. THE UNIVERSITIES SHALL DEVELOP AND MAINTAIN CONSISTENT PROCEDURES FOR PROJECT CLOSEOUT.
- C. FORMS REFERENCED IN THIS CHAPTER: UNDER THE DIRECTION OF THE EXECUTIVE DIRECTOR OF THE BOARD, THE BOARD OFFICE AND THE UNIVERSITIES HAVE THE RESPONSIBILITY TO UPDATE AND IMPROVE THE VARIOUS REPORTS REFERENCED IN BOARD POLICY WITH THE OBJECTIVE OF PRESENTING INFORMATION TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND THE BOARD IN AN EFFECTIVE FORMAT AND MANNER.
- D. WAIVERS: A UNIVERSITY MAY REQUEST A WAIVER OF THIS BOARD POLICY AS LONG AS IT IS IN THE BEST INTEREST OF THE UNIVERSITY AND IT COMPLIES WITH APPLICABLE STATE LAWS.

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~~7-201 Use of Real Property and Infrastructure~~

- ~~A. Title to the grounds and properties of the three universities shall be held by the Arizona Board of Regents, a body corporate, for and on behalf of each university. Such grounds and properties are devoted to and maintained for the sovereign function of providing higher education to the people, and are not places of unrestricted public access.~~
- ~~B. Leases of real property shall be entered into in the name of the Arizona Board of Regents, a body corporate, for and on behalf of each university.~~
- ~~C. Each university shall adopt and publish such reasonable regulations as it deems appropriate, and as are consistent with law and Board policy, for the maintenance of the peaceful conduct and operation of the university and university property.~~

EXECUTIVE SUMMARY

7-201 UNIVERSITY PROPERTY

A. OWNERSHIP AND PROCEDURES

1. TITLE TO THE GROUNDS AND PROPERTIES OF THE THREE UNIVERSITIES SHALL BE HELD BY THE ARIZONA BOARD OF REGENTS, A BODY CORPORATE, FOR AND ON BEHALF OF EACH UNIVERSITY. SUCH GROUNDS AND PROPERTIES ARE DEVOTED TO AND MAINTAINED FOR THE SOVEREIGN FUNCTION OF THE BOARD AND ITS UNIVERSITIES AND OF THE PROVISION OF HIGHER EDUCATION TO THE PEOPLE, AND ITS PROPERTIES ARE NOT PLACES OF UNRESTRICTED PUBLIC ACCESS.
2. REAL PROPERTY UTILIZED BY THE STATE UNIVERSITIES SHALL BE LEGALLY OWNED BY OR LEASED TO THE ARIZONA BOARD OF REGENTS, A BODY CORPORATE, FOR AND ON BEHALF OF EACH UNIVERSITY. WHERE DEEDS OR LEASES HAVE NAMED A UNIVERSITY AS GRANTEE OR LESSEE, THEY SHALL BE UNDERSTOOD TO MEAN THE ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF SUCH UNIVERSITY. EACH UNIVERSITY IS AUTHORIZED TO ACQUIRE, TO DISPOSE OF, OR TO LEASE PROPERTY UNDER THE CONDITIONS OF THIS CHAPTER, ALTHOUGH THE BOARD MAY ALTER THE PROCEDURE OR WAIVE ANY REQUIREMENT OR OTHER CONDITION FOR ANY INDIVIDUAL TRANSACTION UPON APPLICATION BY A UNIVERSITY. PRIOR BOARD APPROVAL SHALL BE REQUIRED ONLY WHEN SPECIFIED HEREIN, OR WHEN ALTERATION OR WAIVER IS DESIRED.
3. EACH UNIVERSITY SHALL MAINTAIN A LISTING OF LAND PARCELS OWNED BY THE BOARD FOR AND BEHALF OF THE UNIVERSITY MAINTAINING THE LIST THAT INCLUDES, IF KNOWN AND/OR APPLICABLE:
 - a. PARCEL NUMBER;
 - b. PARCEL NAME;
 - c. PARCEL ADDRESS;
 - d. PARCEL SIZE;
 - e. DATE ACQUIRED;
 - f. ACQUISITION METHOD;

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- g. PARCEL USE OR PLANNED USE;
 - h. USE RESTRICTIONS;
 - i. LESSEE AND/OR SUBLESSEE, FOR PROPERTIES THAT ARE COMMERCIAL IN NATURE;
 - j. IMPROVEMENTS COMPLETION DATE, FOR PROPERTIES THAT ARE COMMERCIAL IN NATURE;
 - k. IMPROVEMENTS LEASEHOLD INTEREST, FOR PROPERTIES THAT ARE COMMERCIAL IN NATURE;
AND
 - l. IMPROVEMENTS TITLE, FOR PROPERTIES THAT ARE COMMERCIAL IN NATURE.
- 4. UNIVERSITIES SHALL MAINTAIN APPROPRIATE DOCUMENTATION OF OWNERSHIP FOR EACH LAND PARCEL.
 - 5. UNIVERSITIES SHALL PROVIDE AN UPDATED LAND PARCEL LISTING TO THE BOARD OFFICE ANNUALLY IN ACCORDANCE WITH PROCEDURES DEVELOPED BY THE EXECUTIVE DIRECTOR OF THE BOARD.
 - 6. EACH UNIVERSITY SHALL ADOPT AND PUBLISH SUCH REASONABLE POLICIES AND REGULATIONS AS IT DEEMS APPROPRIATE, AND AS ARE CONSISTENT WITH LAW AND BOARD POLICY, FOR THE MAINTENANCE OF THE PEACEFUL CONDUCT AND OPERATION OF THE UNIVERSITY AND UNIVERSITY PROPERTY.

B. PURCHASE OF REAL PROPERTY

- 1. EXCEPT AS NOTED BELOW, PURCHASES OF REAL PROPERTY BY A UNIVERSITY REQUIRE PRIOR REVIEW BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND APPROVAL OF THE BOARD, AND COMPLIANCE WITH ALL REQUIREMENTS OF THIS SECTION NOT EXPLICITLY WAIVED BY THE BOARD.
 - a. A REQUEST FOR AUTHORIZATION TO PURCHASE PROPERTY SHALL BE ACCOMPANIED BY:

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1. THE LEGAL DESCRIPTION OF THE PROPERTY;
 2. THE NAME OF THE SELLERS OR OTHER PERSON HAVING AN INTEREST IN THE PROPERTY;
 3. A STATEMENT DETAILING THE REASON FOR SUCH PURCHASE;
 4. THE AMOUNT AND SOURCE OF FUNDS FOR THE PURCHASE;
 5. ANY OTHER PERTINENT INFORMATION; AND
 6. A NOTICE TO BOARD COUNSEL OF THE RESULTS OF ANY APPRAISALS(S) REQUIRED WHICH SHALL REMAIN CONFIDENTIAL UNTIL THE PURCHASE IS EITHER COMPLETED OR CANCELED.
- b. BOARD APPROVAL IS NOT REQUIRED FOR A PURCHASE IF:
1. THE PROPERTY IS LOCATED WITHIN THE **CAMPUS PLANNING BOUNDARIES AS DEFINED IN A UNIVERSITY MASTER PLAN STATE OF ARIZONA;** AND
 2. THE PURCHASE PRICE IS **WITHIN 10% OF ANY APPRAISAL REQUIRED PURSUANT TO SUBSECTION G \$1,000,000 OR LESS.**
- c. THE BOARD OFFICE SHALL BE NOTIFIED OF ALL PURCHASES REGARDLESS OF PURCHASE PRICE IN ACCORDANCE WITH PROCEDURES DEVELOPED BY THE EXECUTIVE DIRECTOR OF THE BOARD OFFICE.

C. SALE OF REAL PROPERTY

1. EXCEPT AS DESCRIBED BELOW, REAL PROPERTY THAT THE UNIVERSITY ANTICIPATES TO BE WORTH \$250,000 OR MORE MAY BE SOLD ONLY WITH PRIOR REVIEW BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND AUTHORIZATION FROM THE BOARD AND REQUIRES A PUBLIC AUCTION. A REQUEST FOR AUTHORIZATION TO SELL SHALL CONTAIN:

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- a. THE LEGAL DESCRIPTION OF THE PROPERTY;
 - b. THE NAME OF THE BUYERS OR OTHER PERSON HAVING AN INTEREST IN THE PROPERTY;
 - c. A DETAILED DESCRIPTION OF ANY OFFERS TO PURCHASE RECEIVED BY THE UNIVERSITY;
 - d. THE TERMS OF SALE (INCLUDING THE PRICE OR PROPOSED MINIMUM AUCTION BID, IF ANY IS SPECIFIED); AND
 - e. THE PROPOSED USE OF THE PROCEEDS FROM THE SALE.
2. REAL PROPERTY ANTICIPATED TO BE WORTH LESS THAN \$250,000 MAY BE SOLD WITHOUT FINANCE, CAPITAL AND RESOURCES COMMITTEE REVIEW AND BOARD APPROVAL:
- a. BY LISTING IT WITH A LICENSED BROKER WHO IS A MEMBER OF ANY MULTIPLE LISTING SERVICE; OR
 - b. BY PUBLIC AUCTION.
1. NO CONTRACT TO SELL REAL PROPERTY THROUGH A BROKER SHALL BE ENTERED INTO UNTIL IT HAS BEEN LISTED FOR AT LEAST 14 DAYS;
 2. THE UNIVERSITY MAY PAY A COMMERCIALY REASONABLE BROKERAGE COMMISSION; AND
 3. THE BOARD OFFICE SHALL BE NOTIFIED OF ALL SALES IN ACCORDANCE WITH PROCEDURES DEVELOPED BY THE EXECUTIVE DIRECTOR OF THE BOARD.
3. ANY RESIDENTIAL REAL PROPERTY MAY BE SOLD WITHOUT BOARD APPROVAL BY LISTING IT WITH A LICENSED BROKER WHO IS A MEMBER OF A MULTIPLE LISTING SERVICE.
- a. NO CONTRACT TO SELL RESIDENTIAL REAL PROPERTY THROUGH A BROKER SHALL BE ENTERED INTO UNTIL IT HAS BEEN LISTED FOR AT LEAST 14 DAYS;

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- b. THE UNIVERSITY MAY PAY A COMMERCIALY REASONABLE BROKERAGE COMMISSION; AND
 - c. THE BOARD OFFICE SHALL BE NOTIFIED OF ALL SALES IN ACCORDANCE WITH PROCEDURES DEVELOPED BY THE EXECUTIVE DIRECTOR OF THE BOARD.
4. IF THE UNIVERSITY RECEIVES AN OFFER TO PURCHASE, THE OFFER SHALL CONTAIN:
- a. A DESCRIPTION OF THE PROPERTY SOUGHT TO BE PURCHASED;
 - b. THE NAME AND ADDRESS OF THE PERSON DESIRING TO PURCHASE THE PROPERTY; AND
 - c. IF SUCH PERSON IS NOT AN INDIVIDUAL OR INDIVIDUALS, THE OFFER SHALL INCLUDE THE NAME AND ADDRESS OF ANY STOCKHOLDER, BENEFICIARY, OR OTHER PERSON WHO WILL OWN A BENEFICIAL INTEREST IN THE PROPERTY EQUALING OR EXCEEDING 10 PERCENT OF ITS VALUE OR OWNS 10 PERCENT OR MORE OF THE STOCK OF ANY CORPORATION MAKING THE OFFER.
5. NO REAL PROPERTY FOR WHICH AN APPRAISAL IS REQUIRED UNDER THESE RULES MAY BE SOLD FOR LESS THAN THE LOWEST APPRAISED VALUE OF THE PROPERTY (REFER TO SECTION ON APPRAISALS IN THIS BOARD POLICY), UNLESS GRANTED A WAIVER BY THE BOARD.
6. SALES MAY BE FOR ALL CASH AT THE TIME OF CLOSING, OR MAY BE ON TERMS THAT THE UNIVERSITY DEEMS TO BE COMMERCIALY REASONABLE.
7. ALL SALES BY PUBLIC AUCTION SHALL COMPLY WITH THE FOLLOWING PROCEDURES:
- a. A NOTICE OF SALE SHALL BE PREPARED WHICH INCLUDES:

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1. A LEGAL DESCRIPTION OF THE PROPERTY AND OTHER DESCRIPTION OF THE PROPERTY SUFFICIENT TO ENABLE THE PUBLIC TO ASCERTAIN ITS LOCATION;
2. THE NATURE, TIME, PLACE, AND TERMS OF THE PROPOSED SALE;
3. A MINIMUM AUCTION BID IF APPLICABLE; AND
4. THE NOTICE OF SALE MAY INCORPORATE BY REFERENCE ADDITIONAL INSTRUCTIONS, CONTRACTUAL TERMS, AND OTHER INFORMATION THAT SHALL BE MADE AVAILABLE FOR INSPECTION BY INQUIRERS AT AN OFFICE IDENTIFIED IN THE NOTICE OF SALE. THE UNIVERSITY MAY CHARGE A REASONABLE FEE FOR COPIES OF ANY SUCH MATERIAL.
 - b. THE NOTICE OF SALE SHALL BE PUBLISHED NOT LESS THAN ONCE A WEEK FOR FOUR SUCCESSIVE WEEKS IN A NEWSPAPER OF GENERAL CIRCULATION PUBLISHED REGULARLY IN THE COUNTY IN WHICH THE PROPERTY (OR A MAJOR PORTION THEREOF) IS LOCATED.
 - c. THE NOTICE OF SALE SHALL BE POSTED NOT LESS THAN 10 DAYS BEFORE THE DATE SET FOR SALE ON THE PROPERTY (IF REASONABLY ACCESSIBLE), AT THE COURTHOUSE IN THE COUNTY IN WHICH THE PROPERTY (OR A MAJOR PORTION THEREOF) IS LOCATED; AND AT THE PURCHASING OFFICE OR OTHER CONSPICUOUS PLACE AT THE UNIVERSITY.
 - d. THE AUCTION SHALL BE HELD BETWEEN THE HOURS OF 10 A.M. AND 4 P.M., AT A LOCATION DESIGNATED IN THE NOTICE OF SALE, IN THE COUNTY IN WHICH THE PROPERTY (OR A MAJOR PORTION THEREOF) IS LOCATED.
 - e. THE PROPERTY SHALL BE SOLD TO THE RESPONSIVE AND RESPONSIBLE BIDDER MAKING THE HIGHEST AND BEST OFFER, BUT IN NO CASE WILL IT BE SOLD FOR LESS THAN THE LOWEST APPRAISED VALUE OR

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FOR LESS THAN ANY MINIMUM PRICE STATED IN THE NOTICE OF SALE. EVERY BID SHALL BE DEEMED TO BE AN IRREVOCABLE OFFER UNTIL THE SALE IS COMPLETED, AND THE SALE SHALL NOT BE DEEMED COMPLETED UNTIL THE PURCHASER PAYS THE PRICE BID.

- f. THE OFFICER DESIGNATED TO CONDUCT THE AUCTION MAY FOR ANY REASON DEEMED IN THE INTEREST OF THE UNIVERSITY REJECT ALL BIDS AND CANCEL THE SALE, OR POSTPONE AND CONTINUE THE SALE FROM TIME TO TIME, OR CHANGE THE PLACE OF THE SALE TO ANY OTHER LOCATION AUTHORIZED PURSUANT TO THIS CHAPTER, BY GIVING NOTICE OF THE NEW DATE, TIME AND PLACE BY PUBLIC DECLARATION AT THE TIME AND PLACE LAST APPOINTED FOR THE SALE. ANY POSTPONED OR CONTINUED SALE DATE SHALL BE A FIXED DATE WITHIN 60 CALENDAR DAYS OF THE DATE OF THE DECLARATION. NO OTHER NOTICE OF THE POSTPONED, CONTINUED OR RELOCATED SALE IS REQUIRED.
- g. OTHER PROCEDURES FOR SALE, NOT INCONSISTENT WITH THE FOREGOING, MAY BE INCLUDED IN THE NOTICE OF SALE, THE INSTRUCTIONS TO BIDDERS, OR THE FORM OF AGREEMENT PRESCRIBED FOR THE SALE.

D. EXCHANGES OF REAL PROPERTY

1. INsofar as is practical, an exchange of real property shall be deemed both a sale and a purchase and subject to the requirements of this chapter; provided however, that due to the inherent nature of such exchanges provisions relating to public auction shall not apply.
2. ALL EXCHANGES OF REAL PROPERTY IN WHICH EITHER PARCEL HAS A VALUE OF \$250,000 OR MORE SHALL REQUIRE FINANCE, CAPITAL AND RESOURCES COMMITTEE REVIEW AND BOARD APPROVAL.

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3. A UNIVERSITY MAY ENTER INTO AN EXCHANGE, NOTWITHSTANDING A DIFFERENTIAL IN THE APPRAISED VALUES OF THE PROPERTIES, IF:
 - a. THE DIFFERENTIAL IS PAID IN CASH OR OTHER CONSIDERATION ACCEPTABLE TO THE UNIVERSITY; OR
 - b. THE DIFFERENTIAL IS LESS THAN 20 PERCENT, AND THE UNIVERSITY DETERMINES THAT THE VALUE GIVEN BY THE UNIVERSITY IS WITHIN THE FORESEEABLE RANGE OF POSSIBLE OUTCOMES IF THE PROPERTY TO BE ACQUIRED BY THE UNIVERSITY WERE TO BE TAKEN UNDER THE POWER OF EMINENT DOMAIN.

E. ACCEPTING GIFTS OF REAL PROPERTY

1. A UNIVERSITY MAY ACCEPT GIFTS OR BEQUESTS OF REAL PROPERTY. PRIOR TO OR CONCURRENTLY WITH THE ACCEPTANCE, THE UNIVERSITY SHALL:
 - a. EXAMINE THE PROPERTY TO DETERMINE ENVIRONMENTAL AND OTHER LIABILITY RISKS ASSOCIATED WITH OWNERSHIP; AND
 - b. DETERMINE THAT THE INTENTION OF THE DONOR IS DOCUMENTED IN SUFFICIENT DETAIL TO PROVIDE THE BASIS FOR THE FUTURE MANAGING OR SALE OF THE PROPERTY.
2. TO THE EXTENT IT IS CONSISTENT WITH THE INTENTION OF THE DONOR, THE TERMS OF THE DOCUMENT OF CONVEYANCE SHALL PROVIDE THAT THE REAL PROPERTY IS NOT INTENDED TO BE PART OF ANY PERPETUAL FUND MAINTAINED BY OR FOR THE BENEFIT AND SUPPORT OF ANY OF THE UNIVERSITIES, OR ANY OF THE COLLEGES OR SCHOOLS MAINTAINED AT ANY OF THE UNIVERSITIES.
3. A UNIVERSITY MAY DECLINE ANY GIFT OR BEQUEST FOR ANY REASON, INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL OR OTHER LIABILITY RISKS OR UNACCEPTABLE RESTRICTIONS ON USE OR DISPOSITION OF THE PROPERTY OR THE PROCEEDS THEREOF.

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F. APPRAISALS

1. EACH UNIVERSITY SHALL ESTABLISH GUIDELINES FOR AN ANNUAL PREQUALIFICATION PROCESS CONSISTENT WITH THE UNIVERSITY PROCUREMENT CODE TO MAINTAIN A POOL OF APPRAISERS TO BE SELECTED FOR APPRAISALS UNDER THIS SECTION. EACH APPRAISER SHALL POSSESS AN AFFILIATION WITH A RECOGNIZED APPRAISAL ASSOCIATION SUCH AS THE APPRAISAL INSTITUTE OR THE AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS AND SHALL POSSESS CERTIFICATION FROM THE ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS APPROPRIATE FOR THE TYPE OF APPRAISAL BEING OBTAINED. THE AFFILIATION REQUIREMENT MAY BE WAIVED WHERE THERE ARE INSUFFICIENT AFFILIATES IN A REASONABLE GEOGRAPHICAL AREA SURROUNDING THE PROPERTY TO BE APPRAISED. IN SELECTING AN APPRAISER FROM THE POOL WHO THE UNIVERSITY DEEMS TO BE QUALIFIED FOR THE PARTICULAR ASSIGNMENT, THE UNIVERSITY MAY GIVE CONSIDERATION TO THE LOCATION OF THE REAL PROPERTY AND ITS PROBABLE VALUE, AND MAY, IF IT DEEMS APPROPRIATE, SELECT AN APPRAISER FROM THE PREQUALIFICATION LIST OF ONE OF THE OTHER UNIVERSITIES.
2. ONE APPRAISAL SHALL BE OBTAINED FOR ANY SALE, PURCHASE OR EXCHANGE OF REAL PROPERTY WITH AN ANTICIPATED SALE PRICE OF \$100,000 OR MORE BUT LESS THAN \$1,000,000. TWO APPRAISALS SHALL BE OBTAINED FOR ANY SALE, PURCHASE OR EXCHANGE OF REAL PROPERTY WITH AN ANTICIPATED SALE PRICE OF \$1,000,000 OR MORE. ALL APPRAISALS SHALL BE INDEPENDENT, UNILATERALLY REQUESTED AND PAID FOR BY THE UNIVERSITY.
3. NO APPRAISAL SHALL BE REQUIRED IN CONNECTION WITH A SALE, PURCHASE OR EXCHANGE OF PROPERTY WITH AN ANTICIPATED SALE PRICE OF LESS THAN \$100,000.
4. NO APPRAISAL MAY BE USED FOR ANY PURCHASE, SALE OR EXCHANGE UNLESS THE APPRAISAL HAS BEEN MADE WITHIN SIX MONTHS OF THE TIME OF BOARD OR UNIVERSITY ACTION APPROVING THE TRANSACTION. IN INSTANCES IN WHICH A FLUCTUATING MARKET MAKES REAL PROPERTY VALUES CHANGE MORE RAPIDLY THAN USUAL, A MORE CURRENT APPRAISAL SHALL BE REQUIRED.

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5. WHEN PRIOR BOARD APPROVAL IS REQUIRED OR SOUGHT FOR A TRANSACTION, THE APPRAISER'S OPINION OF VALUE SHALL BE REPORTED TO BOARD COUNSEL, AND UPON REQUEST THE ENTIRE APPRAISAL SHALL BE PROVIDED.
 6. APPRAISALS SHALL NOT BE MADE PUBLIC UNTIL CLOSE OF ESCROW ON THE REAL PROPERTY TRANSACTION, UNLESS THE UNIVERSITY ELECTS OTHERWISE.
- G. EASEMENTS AND RIGHTS-OF-WAY
1. EACH UNIVERSITY MAY GRANT OR AMEND EASEMENTS/RIGHTS-OF-WAY TO OTHER PUBLIC ENTITIES AND PUBLIC SERVICE CORPORATIONS OR TO PRIVATE ENTITIES WITHOUT PRIOR BOARD APPROVAL.
 2. DOCUMENTS GRANTING EASEMENTS AND RIGHTS-OF-WAY SHALL INCLUDE THE FOLLOWING PROVISIONS:
 - a. A CLAUSE WHERE APPLICABLE PROVIDING THAT THE GRANTEE AGREES TO HOLD AND SAVE THE BOARD HARMLESS OF ALL DAMAGES, INCLUDING THOSE DAMAGES AND INJURIES TO THIRD PERSONS ARISING OUT OF THE GRANTEE'S USE AND ENJOYMENT OF THE PROPERTY INTEREST CONVEYED;
 - b. A REVERSIONARY CLAUSE PROVIDING THAT THE PROPERTY INTEREST CONVEYED SHALL REVERT TO THE BOARD IN THE EVENT THE USE CONTEMPLATED BY THE EASEMENT IS ABANDONED;
 - c. A TERMINATION CLAUSE IN INSTANCES WHERE GRANTING OF THE EASEMENT IS FOR A TEMPORARY PURPOSE; AND
 - d. LEGAL DESCRIPTION OF EASEMENT AND/OR RIGHT-OF-WAY AND ITS PURPOSE.
 3. ALL GRANTS OF RIGHTS-OF-WAY OR EASEMENTS SHALL BE REVIEWED AND APPROVED AS TO FORM BY UNIVERSITY LEGAL COUNSEL.

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4. THE DECISION TO GRANT A RIGHT-OF-WAY OR EASEMENT SHALL BE SUPPORTED BY A WRITTEN ASSESSMENT OF:
 - a. ANTICIPATED IMPACT ON FUTURE DEVELOPMENT PLANS; AND
 - b. ANY ANTICIPATED ECONOMIC IMPACT.

- H. WAIVERS: A UNIVERSITY MAY REQUEST A WAIVER OF THIS BOARD POLICY AS LONG AS IT IS IN THE BEST INTEREST OF THE UNIVERSITY AND IT COMPLIES WITH APPLICABLE STATE LAWS.

EXECUTIVE SUMMARY

~~7-207 Leases of Real Property~~

- ~~A. All lease agreements and amendments of lease agreements of real property, including lease agreements in connection with any development of capital projects, as defined in board policy 7-102(B)(3) shall be reviewed by the Finance, Capital and Resources Committee and approved by the board before becoming effective, except as provided below:~~
- ~~1. A university may enter into a lease or lease amendments as Landlord or Lessor without board approval (except for use of athletic facilities by professional teams), provided all of the following criteria are met:
 - ~~a. The lease term including all renewals shall not exceed 120 months;~~
 - ~~b. The annual base lease amount does not exceed \$1,000,000; and~~
 - ~~c. The rental rate meets or exceeds the fair rental value of the property.~~~~
 - ~~2. A university may enter into leases or lease amendments as tenant or lessee without board approval provided all of the following criteria are met:
 - ~~a. The original lease term shall not exceed a total of 60 months;~~
 - ~~b. Renewal options in total shall not exceed an additional 60 months;~~
 - ~~c. The total annual base lease amount does not exceed \$1,000,000;~~
 - ~~d. The rental rate does not exceed fair rental value; and~~
 - ~~e. Funds are available.~~~~
- ~~B. A university may seek board approval for a Long Term Lease that is Commercial in Nature. Such leases are subject to the following additional considerations:~~

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1. ~~When considering a long term lease of university property that is commercial in nature as described in subsection B:~~
 - a. ~~Such long term leases of university property should, to the extent possible, optimize the value of the property to the university and enhance the institutional mission of the university.~~
 - b. ~~The university should use financial transactions (whether sale, lease, sale-leaseback or other means) that support the needs of the university to facilitate development of university property.~~
 - c. ~~In general, when a transaction is commercial in nature, the university should consider long term leases over the sale of university property unless the university can demonstrate to the board that a sale will provide a greater long term benefit.~~
 - d. ~~Universities shall not engage in Long Term Leases that are Commercial in Nature if the primary purpose is to remove private land or real property improvements from property tax rolls.~~
 - e. ~~The university shall document the economic benefits to the university and the state of each such long term lease, including the university's understanding of the tax treatment of the real property and proposed improvements, and shall document how such long term lease furthers the institutional mission of the university.~~
 - f. ~~Board review of proposed Long Term Leases that are Commercial in Nature shall include a review of any payment to the university in lieu of taxes, the property tax impacts on other taxing jurisdictions, and any service agreements, including payments, with relevant governmental entities.~~
 - g. ~~Board review of proposed long term leases will include a review of appropriate community outreach and coordination with community partners and relevant governmental entities.~~

2. ~~All Long Term Leases that are Commercial in Nature as described in subsection B shall be non-binding until reviewed by the Finance, Capital and Resources Committee and approved by the board as follows, and as applicable, reports may be given in executive session:~~

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- a. ~~Notification.~~ The university shall provide written notification to the board office, for their distribution to the Finance, Capital and Resources Committee chair and vice chair as appropriate, on its intent to solicit proposals or to enter into transactions with possible partners for long term leases on university property that will be commercial in nature. The report shall include the preliminary development concept, if any associated with the long term lease.

- b. ~~Preliminary Presentation of Proposal.~~ Following entering into a letter of intent or other agreement to provide exclusive rights under a long term lease that is anticipated to be commercial in nature, a university shall present its preliminary lease plan to the Finance, Capital and Resources Committee in executive session as appropriate. The presentation shall include the following elements, as appropriate to the scope and structure of the transaction:
 - i. ~~Conformance with the principles and requirements outlined in subsection B, paragraph 1.~~
 - ii. ~~Preliminary transaction timing and project schedules.~~
 - iii. ~~Preliminary financial terms and conditions, including income and cost estimates, as applicable.~~
 - iv. ~~Other information as coordinated with the executive director of the board.~~

- c. ~~Final Lease Terms.~~ The university shall request a final review of the terms of the Long Term Lease that is Commercial in Nature from the Finance, Capital and Resources Committee and approval of such lease terms from the board, unless the approval process is otherwise modified or specified by board resolution. The final lease transaction submitted to the committee and the board shall include the following elements, as appropriate:
 - i. ~~Provisions regarding future transfer or sale of the lease or the leasehold interest, as appropriate.~~
 - ii. ~~Risk assessment.~~

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- iii. ~~Transaction description.~~
- iv. ~~Description of how the project enhance or furthers the mission of the university.~~
- v. ~~Type of lease transaction.~~
- vi. ~~Transaction schedule.~~
- vii. ~~Development schedule.~~
- viii. ~~Term of the lease.~~
- ix. ~~Measurable performance standards and lease remedy provisions if established performance standards are not met.~~
- x. ~~Identification of parties.~~
- xi. ~~Community outreach and coordination with relevant government entities, including agreements if applicable.~~
- xii. ~~Structure, including payment schedule.~~
- xiii. ~~Valuation methodology.~~
- xiv. ~~Anticipated tax status of the property.~~
- xv. ~~Information regarding reporting and oversight responsibilities of designees representing ABOR and/or university interests with respect to master leases.~~
 - a. ~~Master leases entered into and/or revised after June 12, 2020, shall contain a provision that describes the process for approval and reporting of financial information.~~
 - b. ~~Master leases entered into after June 12, 2020, shall identify the process and requirements pursuant to which tenants under master leases may enter into subleases.~~

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~~e. Designees representing the board and/or a university who serve on a governing board of a third party with whom the university has a master lease ("third party governing board") must segregate their responsibility to such third party governing board from their responsibility to the board and/or university and must follow applicable state law and board and university policies governing conflicts of interest, as well as the conflict of interest policies of such third party. At the time the board or university designee is exercising governance responsibilities for such third party governing board, the designee may not at the same time take official action on behalf of the university in connection with the master lease. Any approval or decision required or requested of the university or board in connection with such master lease must be made outside of such third party governing board governance activities and must follow the terms and conditions of the master lease. Operational responsibilities shall also be separated from governance responsibilities of the third party.~~

~~xvi. Other information as requested by the executive director of the board.~~

~~3. Ongoing Monitoring and Reporting. At a time agreed to by the executive director of the board, the university shall at least annually report on the status of all executed Long Term Leases that are Commercial in Nature subject to subsection B. The report shall categorize projects by location and will include the status of completed, in progress, and planned improvements, including standards and requirements identified in the agreement and other anticipated outcomes identified when the final lease plan was submitted for approval.~~

~~C. All leases entered into shall be reported to the board office annually in accordance with procedures developed by the executive director of the board.~~

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~~D. For the purposes of this policy:~~

- ~~1. "Commercial in Nature" means that a majority of business, calculated either by lease revenues generated or by allocation of square footage, conducted at the leased property is anticipated to come from the non-university population.~~
- ~~2. "Long Term Lease" means a lease of university property to a third party with a term that exceeds 120 months.~~
- ~~3. "University Property" means property, the title of which is owned and held by the Arizona Board of Regents.~~
- ~~4. "Master Lease" means a ground lease of university property to a component unit affiliate that is a long term lease, commercial in nature, and entered into after June 12, 2020, which permits the university property to be developed or divided into further parcels of land and thereafter separately leased or subleased to third parties pursuant to a ground sublease.~~

EXECUTIVE SUMMARY

7-207 LEASES

A. UNIVERSITY USE: A UNIVERSITY MAY LEASE REAL PROPERTY AS EITHER A LANDLORD OR LESSOR, OR AS A TENANT OR LESSEE.

1. LEASES OF REAL PROPERTY

a. ALL LEASE AGREEMENTS AND AMENDMENTS OF LEASE AGREEMENTS OF REAL PROPERTY, INCLUDING LEASE AGREEMENTS IN CONNECTION WITH ANY DEVELOPMENT OF CAPITAL PROJECTS, AS DEFINED IN BOARD POLICY 7-102(A)(3) SHALL BE REVIEWED BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND APPROVED BY THE BOARD BEFORE BECOMING EFFECTIVE, EXCEPT AS PROVIDED BELOW:

(1) A UNIVERSITY MAY ENTER INTO A LEASE OR LEASE AMENDMENTS AS LANDLORD OR LESSOR WITHOUT BOARD APPROVAL (EXCEPT FOR USE OF ATHLETIC FACILITIES BY PROFESSIONAL TEAMS), PROVIDED ALL OF THE FOLLOWING CRITERIA ARE MET:

(a) THE LEASE TERM INCLUDING ALL RENEWALS SHALL NOT EXCEED 120 MONTHS;

(b) THE ANNUAL BASE LEASE AMOUNT DOES NOT EXCEED \$1,000,000; AND

(c) THE RENTAL RATE MEETS OR EXCEEDS THE FAIR RENTAL VALUE OF THE PROPERTY.

(2) A UNIVERSITY MAY ENTER INTO LEASES OR LEASE AMENDMENTS AS TENANT OR LESSEE WITHOUT BOARD APPROVAL PROVIDED ALL OF THE FOLLOWING CRITERIA ARE MET:

(a) THE ORIGINAL LEASE TERM SHALL NOT EXCEED A TOTAL OF 60 MONTHS;

(b) RENEWAL OPTIONS IN TOTAL SHALL NOT EXCEED AN ADDITIONAL 60 MONTHS;

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- (c) THE TOTAL ANNUAL BASE LEASE AMOUNT DOES NOT EXCEED \$1,000,000;
- (d) THE RENTAL RATE DOES NOT EXCEED FAIR RENTAL VALUE; AND
- (e) FUNDS ARE AVAILABLE.

2. RENTAL RATES

- a. THE RENTAL RATES FOR USE OF UNIVERSITY FACILITIES AND PROPERTIES BY OFF-CAMPUS ORGANIZATIONS SHALL BE APPROVED BY THE PRESIDENT OF EACH INSTITUTION. RENTAL RATES SHOULD REFLECT CONSIDERATIONS OF THE FAIR MARKET VALUE RATES CHARGED BY COMPARABLE FACILITIES, ACTUAL EXPENSES INCURRED IN PROVIDING THE SPACE (OPERATIONS, MAINTENANCE, AND DEFERRED MAINTENANCE), AND INFLATION. EACH UNIVERSITY SHALL REVIEW ITS ESTABLISHED RATES ANNUALLY. A UNIVERSITY MAY OFFER REDUCED RENTAL RATES TO AFFILIATED NON-PROFIT ORGANIZATIONS.

3. USE OF ATHLETIC FACILITIES BY PROFESSIONAL TEAMS

- a. EACH UNIVERSITY MAY AUTHORIZE THE USE OF UNIVERSITY ATHLETIC FACILITIES BY PROFESSIONAL TEAMS. ALL SUCH USES SHALL MEET THE FOLLOWING STANDARDS:
 - (1) THE USE MUST BE CONSISTENT WITH ALL APPLICABLE RULES OF THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION (NCAA) AND THE ATHLETIC CONFERENCE IN WHICH THE UNIVERSITY HOLDS MEMBERSHIP;
 - (2) THE UNIVERSITY SHALL ADHERE TO BOARD POLICY REGARDING RENTAL RATES;
 - (3) THERE SHALL BE A WRITTEN AGREEMENT APPROVED AS TO FORM BY UNIVERSITY COUNSEL; AND

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(4) THE TERM OF THE AGREEMENT (INCLUDING ANY RENEWALS) SHALL NOT EXCEED THREE YEARS.

B. COMMERCIAL LONG-TERM LEASES: A UNIVERSITY MAY SEEK BOARD APPROVAL FOR A LONG-TERM LEASE THAT IS COMMERCIAL IN NATURE. SUCH LEASES ARE SUBJECT TO THE FOLLOWING ADDITIONAL CONSIDERATIONS:

1. WHEN CONSIDERING A LONG-TERM LEASE OF UNIVERSITY PROPERTY THAT IS COMMERCIAL IN NATURE **AS** DESCRIBED IN THIS SUBSECTION B:

- a. SUCH LONG-TERM LEASES OF UNIVERSITY PROPERTY SHOULD, TO THE EXTENT POSSIBLE, OPTIMIZE THE VALUE OF THE PROPERTY TO THE UNIVERSITY AND ENHANCE THE INSTITUTIONAL MISSION OF THE UNIVERSITY.
- b. THE UNIVERSITY SHOULD USE FINANCIAL TRANSACTIONS (WHETHER SALE, LEASE, SALE-LEASEBACK OR OTHER MEANS) THAT SUPPORT THE NEEDS OF THE UNIVERSITY TO FACILITATE DEVELOPMENT OF UNIVERSITY PROPERTY.
- c. IN GENERAL, WHEN A TRANSACTION IS COMMERCIAL IN NATURE, THE UNIVERSITY SHOULD CONSIDER LONG-TERM LEASES OVER THE SALE OF UNIVERSITY PROPERTY UNLESS THE UNIVERSITY CAN DEMONSTRATE TO THE BOARD THAT A SALE WILL PROVIDE A GREATER LONG-TERM BENEFIT.
- d. UNIVERSITIES SHALL NOT ENGAGE IN LONG-TERM LEASES THAT ARE COMMERCIAL IN NATURE IN NATURE IF THE PRIMARY PURPOSE IS TO REMOVE PRIVATE LAND OR REAL PROPERTY IMPROVEMENTS FROM PROPERTY TAX ROLLS.
- e. THE UNIVERSITY SHALL DOCUMENT THE ECONOMIC BENEFITS TO THE UNIVERSITY AND THE STATE OF EACH SUCH LONG-TERM LEASE, INCLUDING THE UNIVERSITY'S UNDERSTANDING OF THE TAX TREATMENT OF THE REAL PROPERTY AND

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PROPOSED IMPROVEMENTS, AND SHALL DOCUMENT HOW SUCH LONG-TERM LEASE FURTHERS THE INSTITUTIONAL MISSION OF THE UNIVERSITY.

- f. BOARD REVIEW OF PROPOSED LONG-TERM LEASES THAT ARE COMMERCIAL IN NATURE SHALL INCLUDE A REVIEW OF ANY PAYMENT TO THE UNIVERSITY IN LIEU OF TAXES, THE PROPERTY TAX IMPACTS ON OTHER TAXING JURISDICTIONS, AND ANY SERVICE AGREEMENTS, INCLUDING PAYMENTS, WITH RELEVANT GOVERNMENTAL ENTITIES.
 - g. BOARD REVIEW OF PROPOSED LONG-TERM LEASES WILL INCLUDE A REVIEW OF APPROPRIATE COMMUNITY OUTREACH AND COORDINATION WITH COMMUNITY PARTNERS AND RELEVANT GOVERNMENTAL ENTITIES.
2. ALL LONG-TERM LEASES THAT ARE COMMERCIAL IN NATURE AS DESCRIBED IN THIS SUBSECTION B SHALL BE NON-BINDING UNTIL REVIEWED BY THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND APPROVED BY THE BOARD AS FOLLOWS, AND AS APPLICABLE, REPORTS MAY BE GIVEN IN EXECUTIVE SESSION:
- a. NOTIFICATION. THE UNIVERSITY SHALL PROVIDE WRITTEN NOTIFICATION TO THE BOARD OFFICE, FOR THEIR DISTRIBUTION TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE CHAIR AND VICE CHAIR AS APPROPRIATE, ON ITS INTENT TO SOLICIT PROPOSALS OR TO ENTER INTO TRANSACTIONS WITH POSSIBLE PARTNERS FOR LONG-TERM LEASES ON UNIVERSITY PROPERTY THAT WILL BE COMMERCIAL IN NATURE. THE REPORT SHALL INCLUDE THE PRELIMINARY DEVELOPMENT CONCEPT, IF ANY ASSOCIATED WITH THE LONG-TERM LEASE.
 - b. PRELIMINARY PRESENTATION OF PROPOSAL. FOLLOWING ENTERING INTO A LETTER OF INTENT OR OTHER AGREEMENT TO PROVIDE EXCLUSIVE RIGHTS UNDER A LONG-TERM LEASE THAT IS ANTICIPATED TO BE COMMERCIAL IN NATURE, A UNIVERSITY SHALL PRESENT ITS PRELIMINARY LEASE PLAN TO THE FINANCE, CAPITAL AND RESOURCES COMMITTEE IN EXECUTIVE SESSION AS APPROPRIATE. THE

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PRESENTATION SHALL INCLUDE THE FOLLOWING ELEMENTS, AS APPROPRIATE TO THE SCOPE AND STRUCTURE OF THE TRANSACTION:

- (1) CONFORMANCE WITH THE PRINCIPLES AND REQUIREMENTS OUTLINED IN SUBSECTION B, PARAGRAPH 1.
- (2) PRELIMINARY TRANSACTION TIMING AND PROJECT SCHEDULES.
- (3) PRELIMINARY FINANCIAL TERMS AND CONDITIONS, INCLUDING INCOME AND COST ESTIMATES, AS APPLICABLE.
- (4) OTHER INFORMATION AS COORDINATED WITH THE EXECUTIVE DIRECTOR OF THE BOARD.

c. FINAL LEASE TERMS. THE UNIVERSITY SHALL REQUEST A FINAL REVIEW OF THE TERMS OF THE LONG-TERM LEASE THAT IS COMMERCIAL IN NATURE FROM THE FINANCE, CAPITAL AND RESOURCES COMMITTEE AND APPROVAL OF SUCH LEASE TERMS FROM THE BOARD, UNLESS THE APPROVAL PROCESS IS OTHERWISE MODIFIED OR SPECIFIED BY BOARD RESOLUTION. THE FINAL LEASE TRANSACTION SUBMITTED TO THE COMMITTEE AND THE BOARD SHALL INCLUDE THE FOLLOWING ELEMENTS, INCLUDING THE ASSUMPTIONS AND METHODOLOGY USED TO DETERMINE, AS APPROPRIATE:

- (1) PROVISIONS REGARDING FUTURE TRANSFER OR SALE OF THE LEASE OR THE LEASEHOLD INTEREST, AS APPROPRIATE.
- (2) RISK ASSESSMENT.
- (3) TRANSACTION DESCRIPTION.
- (4) DESCRIPTION OF HOW THE PROJECT ENHANCES OR FURTHERS THE MISSION OF THE UNIVERSITY.
- (5) TYPE OF LEASE TRANSACTION.

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- (6) TRANSACTION SCHEDULE.
- (7) DEVELOPMENT SCHEDULE.
- (8) TERM OF THE LEASE.
- (9) MEASURABLE PERFORMANCE STANDARDS AND LEASE REMEDY PROVISIONS IF ESTABLISHED PERFORMANCE STANDARDS ARE NOT MET.
- (10) IDENTIFICATION OF PARTIES.
- (11) COMMUNITY OUTREACH AND COORDINATION WITH RELEVANT GOVERNMENT ENTITIES, INCLUDING AGREEMENTS IF APPLICABLE.
- (12) STRUCTURE, INCLUDING PAYMENT SCHEDULE.
- (13) VALUATION METHODOLOGY.
- (14) ANTICIPATED TAX STATUS OF THE PROPERTY.
- (15) INFORMATION REGARDING REPORTING AND OVERSIGHT RESPONSIBILITIES OF DESIGNEES REPRESENTING BOARD AND/OR UNIVERSITY INTERESTS WITH RESPECT TO MASTER LEASES.
 - (a) MASTER LEASES ENTERED INTO AND/OR REVISED AFTER JUNE 12, 2020 SHALL CONTAIN A PROVISION THAT DESCRIBES THE PROCESS FOR APPROVAL AND REPORTING OF FINANCIAL INFORMATION.
 - (b) MASTER LEASES ENTERED INTO AFTER JUNE 12, 2020 SHALL IDENTIFY THE PROCESS AND REQUIREMENTS PURSUANT TO WHICH TENANTS UNDER MASTER LEASES MAY ENTER INTO SUBLEASES.

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- (c) DESIGNEES REPRESENTING THE BOARD AND/OR A UNIVERSITY WHO SERVE ON A GOVERNING BOARD OF A THIRD PARTY WITH WHOM THE UNIVERSITY HAS A MASTER LEASE (“THIRD PARTY GOVERNING BOARD”) MUST SEGREGATE THEIR RESPONSIBILITY TO SUCH THIRD PARTY GOVERNING BOARD FROM THEIR RESPONSIBILITY TO THE BOARD AND/OR UNIVERSITY AND MUST FOLLOW APPLICABLE STATE LAW AND BOARD AND UNIVERSITY POLICIES GOVERNING CONFLICTS OF INTEREST, AS WELL AS THE CONFLICT OF INTEREST POLICIES OF SUCH THIRD PARTY. AT THE TIME THE BOARD OR UNIVERSITY DESIGNEE IS EXERCISING GOVERNANCE RESPONSIBILITIES FOR SUCH THIRD PARTY GOVERNING BOARD, THE DESIGNEE MAY NOT AT THE SAME TIME TAKE OFFICIAL ACTION ON BEHALF OF THE UNIVERSITY IN CONNECTION WITH THE MASTER LEASE. ANY APPROVAL OR DECISION REQUIRED OR REQUESTED OF THE UNIVERSITY OR BOARD IN CONNECTION WITH SUCH MASTER LEASE MUST BE MADE OUTSIDE OF SUCH THIRD PARTY GOVERNING BOARD GOVERNANCE ACTIVITIES AND MUST FOLLOW THE TERMS AND CONDITIONS OF THE MASTER LEASE. OPERATIONAL RESPONSIBILITIES SHALL ALSO BE SEPARATED FROM GOVERNANCE RESPONSIBILITIES OF THE THIRD PARTY.
 - (16) OTHER INFORMATION AS REQUESTED BY THE EXECUTIVE DIRECTOR OF THE BOARD.
3. ONGOING MONITORING AND REPORTING. AT A TIME AGREED TO BY THE EXECUTIVE DIRECTOR OF THE BOARD, THE UNIVERSITY SHALL AT LEAST ANNUALLY REPORT ON THE STATUS OF ALL EXECUTED LONG-TERM LEASES THAT ARE COMMERCIAL IN NATURE SUBJECT TO THIS SUBSECTION B. THE REPORT SHALL CATEGORIZE PROJECTS BY LOCATION AND WILL INCLUDE THE

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STATUS OF COMPLETED, IN PROGRESS, AND PLANNED IMPROVEMENTS, INCLUDING STANDARDS AND REQUIREMENTS IDENTIFIED IN THE AGREEMENT AND OTHER ANTICIPATED OUTCOMES IDENTIFIED WHEN THE FINAL **P**LEASE PLAN WAS SUBMITTED FOR APPROVAL.

4. ALL LEASES ENTERED INTO SHALL BE REPORTED TO THE BOARD OFFICE ANNUALLY IN ACCORDANCE WITH PROCEDURES DEVELOPED BY THE EXECUTIVE DIRECTOR OF THE BOARD.
 5. FOR THE PURPOSES OF THIS BOARD POLICY:
 - a. "COMMERCIAL IN NATURE" MEANS THAT A MAJORITY OF BUSINESS, CALCULATED EITHER BY LEASE REVENUES GENERATED OR BY ALLOCATION OF SQUARE FOOTAGE, CONDUCTED AT THE LEASED PROPERTY IS ANTICIPATED TO COME FROM THE NON-UNIVERSITY POPULATION.
 - b. "LONG-TERM LEASE" MEANS A LEASE OF UNIVERSITY PROPERTY TO A THIRD PARTY WITH A TERM THAT EXCEEDS 120 MONTHS.
 - c. "UNIVERSITY PROPERTY" MEANS PROPERTY, THE TITLE OF WHICH IS OWNED AND HELD BY THE ARIZONA BOARD OF REGENTS.
 - d. "MASTER LEASE" MEANS A GROUND LEASE OF UNIVERSITY PROPERTY TO A COMPONENT UNIT AFFILIATE THAT IS A LONG-TERM LEASE, COMMERCIAL IN NATURE, AND ENTERED INTO AFTER JUNE 12, 2020, WHICH PERMITS THE UNIVERSITY PROPERTY TO BE DEVELOPED OR DIVIDED INTO FURTHER PARCELS OF LAND AND THEREAFTER SEPARATELY LEASED OR SUBLEASED TO THIRD PARTY **YES** PURSUANT TO A GROUND **SUB**LEASE.
- C. WAIVERS: A UNIVERSITY MAY REQUEST A WAIVER OF THIS BOARD POLICY AS LONG AS IT IS IN THE BEST INTEREST OF THE UNIVERSITY AND IT COMPLIES WITH APPLICABLE STATE LAWS.

Proposed Renumbering and Revisions

7-104

1-206 Strategic Planning

- A. ~~Each year the Board shall review and, if necessary, update systemwide strategic directions and action plan objectives.~~
- B. A. Each year the universities shall review and, if necessary, update their mission statements and strategic plans.
- C. B. The Board shall review these updated mission statements and strategic plans to ensure that they are consistent with systemwide goals and reflect current priorities.
- D. C. The universities shall, in consultation with the System BOARD office, develop consistent minimum reporting requirements for university strategic plans. Strategic plans shall identify major capital and operating implications of key strategies, e.g., comprehensive plans, sub-area plans. The Finance, Capital and Resources Committee shall review the portions of university strategic plans relating to the implied or proposed MAJOR Capital Projects and operational impacts to the university's Master Plan and ANNUAL CAPITAL PLAN capital development plan.
- E. D. MAJOR Capital Projects must contribute to specific strategic objectives or satisfy other important criteria such as meeting life safety requirements or correcting existing deficiencies.
- F. E. University procedures for setting preliminary project priorities shall include processes to update mission statements and strategic plans, identify project proposals, and produce a preliminary project ranking.

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Proposed Chapter 3 Policy Revisions

3-411 Annual Report on Debt Capacity

- A. Prior to the Board's meeting in September, each university shall provide the Board with an annual report on its debt capacity AND DEBT RATIO CALCULATION BASED ON BONDS AND CERTIFICATES OF PARTICIPATION DEBT SERVICE PURSUANT TO ARIZONA REVISED STATUTE § 15-1683. The annual report on debt capacity FOR CAPITAL PROJECTS will be submitted with the annual Capital Improvement Plan IN (see Chapter VII).

- B. In addition, ~~to EACH UNIVERSITY SHALL PROVIDE information related to~~ ~~Direct Debt~~ issued by each THE university, ~~and used to calculate the debt ratio, the report on debt capacity shall also include information on~~ capital leases, ~~Third-Party financing~~ PROJECTS, AND component unit debt, Commercial Paper, Lines of Credit, and any other capital related debt.

- C. DIRECT DEBT INCLUDES DEBT ISSUED BY THE UNIVERSITY IN THE FORM OF SYSTEM REVENUE BONDS, CERTIFICATES OF PARTICIPATION, LINES OF CREDIT, COMMERCIAL PAPER, AND LEASE PURCHASE AGREEMENTS GREATER THAN \$1,000,000.

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E. DEBT AND FINANCING INSTRUMENTS

3-501 Issuance of Debt and Financing

- A. Matters relating to the issuance and sale of debt shall be presented for board action as outlined in board policy.
- B. Lines of credit may be obtained and drawn on by the universities for cash management and/or liquidity purposes in accordance with the following guidelines:
 - 1. Matters related to opening any line of credit shall be submitted for review by the Finance, Capital and Resources Committee and approval by the board.
 - 2. Requests for opening a line of credit shall include:
 - i. Justification and purpose for opening the line of credit; AND
 - ii. Terms and conditions of the line of credit agreement including: interest rates, repayment terms, payment schedules, and other relevant covenant requirements.
 - 3. Any draws on approved lines of credit shall be reported to the ABOR BOARD office and any uses of lines of credit and outstanding balances shall be reported in the financial status updates provided to the Finance, Capital and Resources Committee.
- C. A university may refund outstanding debt without board approval provided that:
 - 1. The refunding produces net present value savings of at least 2.5 percent of the par amount of the debt being refunded and the term for each refunding is the same or shorter than the existing maturity term of the debt being refunded;
 - 2. ~~The intent to refund outstanding debt shall be reported to the ABOR office prior to executing any refunding, and the terms of any refunding, and~~ The terms of any refunding shall be reported to the ABOR BOARD office after a refunding has been completed; and
 - 3. Refundings are included in debt reports required to be submitted by the universities to the board.

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- D. Refunding of any outstanding debt with parameters outside those described in paragraph C of this section shall require approval by the board.

- E. UNIVERSITIES HAVE AUTHORITY TO ISSUE AND MAINTAIN A COMMERCIAL PAPER PROGRAM FOR CAPITAL FINANCING PROVIDED THE USE OF COMMERCIAL PAPER IS IDENTIFIED IN THE PROJECT FISCAL MANAGEMENT PLAN SUBMITTED FOR BOARD APPROVAL, INCLUDING:
 - 1. TOTAL AMOUNT TO BE ISSUED;

 - 2. ANTICIPATED INTEREST RATES AND PRICING PARAMETERS;
AND

 - 3. ANTICIPATED FINAL MATURITY DATE OR FINAL RENEWAL PERIODS FOR THE COMMERCIAL PAPER.

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3-804 Professional Services and Construction Services Procurement

A. Project Delivery Methods

1. A University may procure Professional Services, Construction and Construction Services, as applicable, under any of the following project delivery methods:
 - a. Design-bid-build (DBB).
 - b. Construction-manager-at-risk (CMAR).
 - c. Design-build (DB).
 - d. Job-order-contracting (JOC).
2. Construction, Construction Services and Professional Services for CMAR, DB and JOC project delivery methods shall be procured in accordance with section 3-804B of this code, except for Procurements not exceeding ~~one hundred thousand dollars~~ (\$100,000), Emergency Procurements and Simplified Construction Procurements which are subject to the applicable provisions of 3-803(C).
3. For the DBB project delivery method, the Procurement Officer shall procure:
 - a. Design Services pursuant to ABOR Policy 3-804(B), except as otherwise provided in ABOR Policy 3-803(C)-(1), (C)-(2), AND (C)-(3).
 - b. Construction by Competitive Sealed Bidding, except as otherwise provided in ABOR Policy 3-803(C)-(1), (C)-(2), (C)-(3) AND (C)-(6).

B. Procurement of Professional Services and Construction Services

1. Notice. A University shall provide notice, as required by this Code and by University Policies and Procedures, of each Procurement of Professional Services or Construction Services, and shall Award Contracts on the basis of demonstrated competence and qualifications for the type of Professional Services or Construction Services, pursuant to procedures prescribed in this section.

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2. Annual Request for Qualification. In addition to other Procurement methods allowed under this Code, for procurement of Professional Services if the Contract amount is ~~five hundred thousand dollars~~ (\$500,000) or less, the Procurement Officer shall encourage Persons engaged in the lawful practice of the profession to submit annually a statement of qualifications and experience. The Procurement Officer shall appoint an appropriately qualified Selection Committee for each Procurement, as determined by the Procurement Officer. One or more Contracts may be awarded under a Procurement of this type. The Selection Committee shall evaluate current statements of qualifications and experience on file with the University, and any other additional information requested. The Selection Committee may conduct interviews with at least three ~~(3)~~ but no more than five ~~(5)~~ Offerors regarding the Procurement and the relative methods of furnishing the required services and, if possible, shall select, in order of preference, one or more final lists of the Offerors deemed to be the most qualified to provide the Services required. The Selection Committee shall base the selection of each final list and the order of preference on demonstrated competence and qualifications only.

The University and the Selection Committee shall not request or consider fees, price, man-hours or any other cost information at any point in the selection process described in this subsection. For each Contract for Professional Services included in the Procurement, the Procurement Officer shall enter into Negotiations with the Offeror selected as the highest qualified. The Negotiations shall include consideration of compensation and other Contract terms that the Procurement Officer determines to be fair and reasonable to the University. In making this determination, the Procurement Officer shall take into account the estimated value, the scope, the complexity and the nature of the Professional Services to be rendered. If the Procurement Officer is unable to negotiate a Contract with the highest qualified Offeror at a price and on other terms the Procurement Officer determines to be fair and reasonable to the University, the Procurement Officer shall formally terminate Negotiations with that Offeror. The Procurement Officer may undertake Negotiations with the next most qualified Offeror, in sequence, until a fair and reasonable agreement is reached or a determination is made to reject all Offerors on the final list for the Contract.

3. For contracts for more than ~~five hundred thousand dollars~~ (\$500,000) for Professional Services, and for all Construction

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Services, the University shall comply with the following procedures:

- a. Formation of Selection committee. The Procurement Officer shall appoint an appropriate qualified Selection Committee for the Procurement of Professional Services or Construction Services. If procuring Professional Services, the Procurement Officer shall determine the number and qualifications of the Selection Committee members. A Selection Committee for the Procurement of Construction Services shall not have more than seven (7) members and shall include at least one person who is a senior management employee of a licensed contractor and one person who is an architect or an engineer who is registered pursuant to A.R.S. § 32-121. These members may be employees or consultants of the University. Outside contractors, architects and engineers serving on a Selection Committee shall not receive compensation from the University for performing this service, but the University may elect to reimburse costs for travel, lodging and other expenses incurred in connection with service on a Selection Committee. A person who is a member of a Selection Committee shall not be a Contractor under a Contract awarded under that Procurement or provide Professional Services, Construction or Construction Services, Materials or Services under the Contract. This does not preclude a Design Professional who has been awarded a Contract for Design Services from sitting on the Selection Committee to select a CMAR for the same project for which the Design Professional has been awarded a Contract.
- b. Selection Committee Responsibilities. The Selection Committee shall:
 - (1) Evaluate Submittals. Evaluate the statements of qualifications and performance data that are submitted in response to the University's Request for Qualifications.
 - (2) Conduct Interviews. If included in the Request for Qualifications, the Selection Committee will select Offerors to be interviewed, based only on the selection criteria and relative weight of the selection criteria stated in the Request for Qualifications. The

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Selection Committee will conduct those interviews and prepare a final ranked list, pursuant to ABOR Policy 3-804(B)-(3)-(b)-(3) below.

- (3) Final List. After reviewing the statements of qualification, or, if interviews are conducted, after interviews, the Selection Committee will create for each Contract a final list of the three ~~(4)~~ Offerors the Selection Committee deems to be the most qualified to provide the Professional Services or Construction Services. The selection of the Offerors on the final list and the order of preference on that list must be based on demonstrated competence and qualifications only, based on the criteria and the weighting of the criteria included in the Request for Qualifications. In the case of a Contract that will be negotiated under ABOR Policy 3-804(B)-(7), the Selection Committee will rank the three ~~(3)~~ Offerors on the final list in order of preference. If the request For Qualifications solicited multiple Contracts, the selection Committee shall select a separate final list for each Contract, except that if multiple Contracts are being procured and if the Request for Qualifications specified that all of the multiple Contracts will be awarded to a single Contractor, the Selection Committee may select a single final list for all of the multiple Contracts.
- (4) Fewer than three ~~(3)~~ Responsible and Responsive Offerors. If only two ~~(2)~~ Responsible and responsive Offerors respond to the Request for Qualifications or if offerors withdraw from the procurement process so that there are only two ~~(2)~~ Responsible and Responsive Offerors remaining, the Selection Committee may elect to proceed with the Procurement, including interviews and preparing the final list, with those two ~~(2)~~ Offerors, or may re-advertise pursuant to section 3-804(B)-(3). If only one ~~(1)~~ Responsive and Responsible Offeror responds to the Request for Qualifications or if Offerors withdraw from the Procurement process for a Contract or multiple Contracts to be negotiated under ABOR Policy 3-804(B)-(7) so that only one Responsive and Responsible Offeror remains in the Procurement process, the Selection Committee may elect to

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proceed with only one ~~(4)~~ Offeror in the Procurement process and may direct the Procurement Officer to Award the Contract or Contracts to a single Offeror if the Procurement Officer determines in writing that the fee negotiated pursuant to section 3-804(B)-~~(7)~~ is fair and reasonable and either: i) other prospective Offerors had a reasonable opportunity to respond or, ii) there is not adequate time for a re-solicitation. If an Offeror on the final list withdraws or is removed from the Procurement process and the Selection Committee determines that it is in the best interest of the university, the Selection Committee may add to the final list as the last person on the final list another Offeror that submitted qualifications and that is selected by the Selection Committee as the next most qualified.

- c. Request for Qualifications. A University shall issue a Request for Qualifications for each Contract and give public notice of the Request for Qualifications in the manner prescribed by this Code and by University Policies and Procedures. The Request for Qualifications shall include the criteria to be used to select the Offeror to perform the Professional Services or the Construction Services, and the relative weight of the selection criteria and, if required under section 3-804(B)-~~(4)~~-~~(b)~~-~~(2)~~, that one ~~(4)~~ of the criteria will be the Offeror's Subcontractor selection plan or procedures to implement the University's Subcontractor selection plan.
- d. Interviews. If the University will hold interviews as part of the selection process, interviews shall be held with at least three ~~(3)~~ and no more than five ~~(5)~~ Offerors, except that if multiple Contracts are being procured under a single request for qualifications solicitation under ABOR Policy 3-804(B)-~~(3)~~ or a single Request for Qualifications and Request for Proposals solicitation under ABOR Policy 3-804(B)-~~(3)~~ and ~~(8)~~ the number to be interviewed shall be at least three ~~(3)~~ and not more than the number of Contracts plus two ~~(2)~~.
- e. Multiple Contracts. A University may procure multiple Contracts under a single Request for Qualifications or, for JOC Construction Services, under a single Request for Qualifications and Request for Proposals Procurement process as provided for in this Code. If a University does

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this:

- (1) The advertisement and the Request for Qualifications shall state that multiple Contracts may or will be awarded, shall state the number of Contracts that may or will be awarded and shall describe the Services to be performed under each Contract.
 - (2) There shall be a single selection process for all of the multiple Contracts, except that for each Contract there shall be a separate final list and a separate Negotiation under ABOR Policy 3-804(B)-(7) or a separate Request for Proposals under ABOR Policy 3-804(B)-(8) however, if the Request for Qualifications specifies that all of the multiple Contracts will be awarded to a single Contractor, there may be a single final list and a single Negotiation for all of the multiple Contracts or a single Request for Proposals competition under ABOR Policy 3-804(B)-(8).
 - (3) The University may Award all of the multiple Contracts to one (1) Contractor or may Award the multiple Contracts to multiple Contractors.
- f. Multiple Contracts for Professional Services. For Professional Services, a University may procure multiple Contracts using a single Request for Qualifications except that Professional Services that are part of DB Construction Services may only be procured as part of the DB Construction Services Procurement. Each of the multiple Contracts for Professional Services must have a term not exceeding five (5) years and may continue in effect after the five (5) year term for Professional Services on projects commenced within the five (5) year term.
- g. For CMAR Construction Services and for DB Construction Services, a University may procure multiple Contracts using a single Request for Qualifications or for DB Construction Services using a single Request for Qualifications and Request for Proposals, but in either case only for a specific single project, portions of the specific single project shall be allocated to separate contracts.
4. Subcontractor Selection. For CMAR Construction Services, DB

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Construction Services and JOC Construction Services, if the Contract or Contracts will be negotiated under ABOR Policy 3-804(B)-(7), or for JOC Construction Services if the Contract will be awarded pursuant to ABOR Policy 3-804(B)-(8):

- a. The Offeror selected to perform the Construction Services must select Subcontractors based on qualifications alone or on a combination of qualifications and price and shall not select Subcontractors based on price alone. A qualifications and price selection may be a single step selection based on a combination of qualifications and price or a two-step selection. In a two-step selection, the first step shall be based on qualifications alone and the second step may be based on a combination of qualifications and price or on price alone.
- b. The University shall include in the Request for Qualifications either:
 - (1) A requirement that each Offeror submit a proposed Subcontractor selection plan, a requirement that the proposed Subcontractor selection plan must select Subcontractors based on qualifications alone or on a combination of qualifications and price and shall not select Subcontractors based on price alone and, as a selection criteria under the Request for Qualifications, an evaluation of each Offeror's proposed Subcontractor selection plan; or
 - (2) A Subcontractor selection plan adopted by the University that will apply to the Offeror that is selected to perform the Construction Services that requires Subcontractors to be selected based on qualifications alone or on a combination of qualifications and price and not based on price alone, a requirement that each Offeror must submit a description of the procedures it proposes to use to carry out the University's Subcontractor selection plan and, as a selection criteria under the Request for Qualifications, an evaluation of each Offeror's proposed procedures to carry out the University's Subcontractor selection plan.
- c. The University shall include in its Contract with the selected

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Offeror either:

- (1) If the University included its Subcontractor selection plan in the Request for Qualifications, the University's Subcontractor selection plan and the procedures proposed by the selected Offeror in submitting its qualifications with those modifications to the procedures as the University and the selected Offeror agree.
 - (2) If the University did not include its Subcontractor selection plan in the Request for Qualifications, the Subcontractor selection plan proposed by the selected Offeror in submitting its qualifications with those modifications as the University and the selected Person agree.
- d. In making the selection of Subcontractors, the Offeror selected to perform the Construction Services shall use the Subcontractor selection plan and any procedures included in its Contract.
5. The University and the Selection Committee shall not request or consider fees, price, man-hours or any other cost information at any point in the selection process under ABOR Policy 3-804(B)-(3) and (4), including in the selection of the Offerors to be interviewed, the selection of the Offerors to be on the final list, in determining the order of preference of Offerors on the final list or for any other purpose in the selection process. Fees, price, man-hours, and any other cost information shall only be considered in the Negotiation process.
 6. The Procurement Officer shall Award a Contract for Professional Services or Construction Services to one of the Offerors on the final list for that Contract prepared as set forth in this section 803(B).
 7. Contract Negotiations and Execution. For each Contract included in the Request for Qualifications for Professional Services or Construction Services, the Procurement Officer shall enter into separate Negotiations for the Contract with the highest qualified Offeror on the final list for that Contract determined pursuant to this ABOR Policy 3-804(B). If the Request for Qualifications is for multiple Contracts and specifies that all of the multiple Contracts will be awarded to a single Contractor, there may be a single

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Negotiation for all of the multiple Contracts. The Negotiations shall include consideration of compensation and other Contract terms that the Procurement Officer determines to be fair and reasonable to the university. In making this decision, the Procurement Officer shall take into account the estimated value, the scope, the complexity and the nature of the Professional Services or Construction Services to be rendered. If the Procurement Officer is unable to negotiate a satisfactory Contract with the highest qualified Offeror on the final list, at a compensation and on other Contract terms the Procurement Officer determines to be fair and reasonable to the University, the Procurement Officer shall formally terminate Negotiations with that Offeror. The Procurement Officer may undertake Negotiations with the next most qualified Person on the final list in sequence until a fair and reasonable agreement is reached or a determination is made to reject all Offerors on the final list. If a Contract for Construction Services is entered into pursuant to this subsection:

- a. Preconstruction Services and Guaranteed Maximum Price (GMP). If the Contract is for CMAR Construction Services and includes Preconstruction Services by the Contractor or if the Contract is for DB Construction Services, the University shall enter into a written Contract with the Contractor for Preconstruction Services under which Contract the University shall pay the Contractor a fee for Preconstruction Services in an amount agreed by the University and the Contractor, and the University shall not request or obtain a fixed price or a GMP for the Construction from the Contractor or enter into a Construction Contract with the Contractor until after the University has entered into the written Contract for Preconstruction Services and agreed to a Preconstruction Services fee.
 - b. Construction. Construction shall not commence until the University and Contractor agree in writing on either a fixed price or a GMP that the University will pay for the Construction to be commenced.
8. Multi-Step Selection Process. As an alternative to entering into Negotiations pursuant to ABOR Policy 3-804(B)-(7), above, the Procurement Officer may Award DB Construction Services or JOC Construction Services as follows:
- a. The Procurement Officer shall use the Selection Committee

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appointed for the Request for Qualifications pursuant to ABOR Policy 3-804(B)-(3).

- b. The Procurement Officer shall issue a Request for Proposals to the Offerors on the final list developed pursuant to ABOR Policy 3-804(B)-(3).
- c. The Request for Proposals shall include:
 - (1) The University's project schedule and project final design and Construction budget or life cycle budget for a Procurement that includes Maintenance Services or Operations Services.
 - (2) A statement that the Contract or Contracts will be awarded to the Offeror whose Proposal receives the highest ranking under a scoring method.
 - (3) A description of the scoring method, including a list of the factors in the scoring method and the number of points allocated to each factor. The factors in the scoring method shall include:
 - (a) For DB Construction Services only, demonstrated compliance with the project requirements.
 - (b) Offeror qualifications.
 - (c) Offeror financial capacity.
 - (d) Compliance with the University's project schedule.
 - (e) For DB Construction Services only, if the Request for Proposals specifies that the University will spend its project budget and not more than its project budget and is seeking the best Proposal for the project budget, compliance of the Offeror's price or life cycle price for Procurements that include Maintenance Services, Operations Services or Finance Services with the University's budget as prescribed in the Request for Proposals.

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- (f) For DB Construction Services, if the Request for Proposals does not contain the Specifications prescribed in ABOR Policy 3-804(B)-(8)-(c)-(3)-(e) above, and for JOC Construction Services, the price or life cycle price for Procurements that include Maintenance Services, Operations Services or Finance Services.
 - (g) An Offeror quality management plan.
 - (h) Other evaluation factors as determined by the University, if any.
- (4) For DB Construction Services only, the project requirements.
 - (5) A requirement that each Offeror submit separately a Technical Proposal and a price proposal and that the Offeror's entire Proposal be responsive to the project requirements in the Request for Proposals. For DB Construction Services, the price in the price proposal shall be a fixed price or a guaranteed maximum price.
 - (6) A statement that in applying the scoring method the Selection Committee will separately evaluate the Technical Proposal and the price proposal and will evaluate and score the Technical Proposal before opening the price proposal.
 - (7) If the University conducts Discussions pursuant to ABOR Policy 3-804(B)-(8)-(e) below, a statement that Discussions will be held and a requirement that each Offeror submit a preliminary Technical Proposal before the Discussions are held.
- d. If the Procurement Officer conducts Discussions pursuant to ABOR Policy 3-804(B)-(8)-(e) below, each Offeror shall submit a preliminary Technical Proposal to the University before the Discussions are held.
 - e. If the Procurement Officer includes it in the Request for Proposals, the Selection Committee shall conduct

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Discussions with all Offerors that submit preliminary Technical Proposals. Discussions shall be for the purpose of clarification to assure full understanding of, and responsiveness to, the Solicitation requirements. Offerors shall be accorded fair treatment with respect to any opportunity for Discussion and for clarification by the University. Revision of preliminary Technical Proposals shall be permitted after submission of preliminary Technical Proposals and before Award for the purpose of obtaining best and final Proposals. In conducting any Discussions, information derived from Proposals submitted by competing Offerors shall not be disclosed to other competing Offerors.

- f. After completion of any Discussions pursuant to ABOR Policy 3-804(B)-(8)-(e) above, or if no Discussions are held, each Offeror shall submit separately its final Technical Proposal and its price proposal.
- g. Before opening any price proposal, the Selection Committee shall open the final Technical Proposals, evaluate the final Technical Proposals and score the final Technical Proposals using the scoring method in the Request for Proposals. No other factors or criteria may be used in the evaluation and scoring.
- h. After completion of the evaluation and scoring of all final Technical Proposals, the Selection Committee shall open the price proposals, evaluate the price proposals, score the price proposals and complete the scoring of the entire Proposal using the scoring method in the Request for Proposals. No other factors or criteria may be used in the evaluation and scoring.
- i. The Procurement Officer shall Award the Contract or Contracts to the Responsive and Responsible Offeror whose Proposal receives the highest score under the method of scoring in the Request for Proposals. No other factors or criteria may be used in the evaluation.
- j. The Procurement file(s) shall contain the basis on which the Award is made.
- k. For DB Construction Services only, the Procurement Officer shall award a stipulated fee equal to a percentage, as

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prescribed in the Request for Proposals, of the University's project final design and construction budget, as prescribed in the Request for Proposals, but not less than two-tenths ~~(2/10)~~ of 1 one percent of the project final design and construction budget to each final list Offeror who provides a responsive, but unsuccessful, Proposal. If the Procurement Officer does not Award a Contract, all Responsive final list Offerors shall receive the stipulated fee based on the University's estimate of the project final design and construction budget as included in the Request for Proposals. The Procurement Officer shall pay the stipulated fee to each Offeror within ~~ninety (90)~~ days after the Award of the initial Contract or the decision not to Award a Contract. In consideration for paying the stipulated fee, the University may use any ideas or information contained in the Proposals in connection with any Contract awarded for the project, or in connection with a subsequent Procurement, without any obligation to pay any additional compensation to the unsuccessful Offerors. Notwithstanding the other provisions of this paragraph, an unsuccessful final list Offeror may elect to waive the stipulated fee. If an unsuccessful final list Offeror elects to waive the stipulated fee, the University may not use ideas and information contained in the Offeror's Proposal, except that this restriction does not prevent the University from using any idea or information if the idea or information is also included in a proposal of an Offeror that accepts the stipulated fee.

9. Disclosure of Information. Except as provided for in ABOR Policy 3-803(A)-(3) and 3-803(B)-(4), until Award and execution of a Contract by a University, only the name of each Offeror on the final list developed pursuant to the Solicitation may be made available to the public and all other information received by the University in response to the Request for Qualifications or contained in the Proposals shall be confidential in order to avoid disclosure of the contents that may be prejudicial to competing Offerors or the University during the selection process. The Proposals shall be open to public inspection after the Contract is awarded and fully executed. Notwithstanding the foregoing, the University will make the Procurement file open to inspection by Interested Parties following the earlier of the issuance of a Notice of Intent to Award or the execution of the Contract. To the extent that the Offeror designates and the University concurs, pursuant to Policy 3-801(D), trade secrets and other proprietary data contained

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in a Proposal remain confidential.

10. Cancellation. A University may cancel a Request for Qualifications or a Request for Proposals or reject in whole or in part any or all Offers as specified in the Solicitation, if it is in the best interest of the University. The University shall make the reasons for cancellation or rejection part of the Procurement file.
11. Notwithstanding any other law or provisions of this Code:
 - a. The Contractor for DB or JOC Construction Services is not required to be registered to perform Professional Services pursuant to A.R.S. § Title 32, Chapter 1 if the Person actually performing the Professional Services on behalf of the Contractor is appropriately registered.
 - b. The Contractor for CMAR, DB or JOC Construction Services shall be licensed to perform Construction pursuant to A.R.S. § Title 32, Chapter 10.
12. For JOC Construction Services only:
 - a. The maximum dollar amount of an individual job order shall be ~~one million nine hundred ninety nine thousand nine hundred ninety nine dollars (\$1,999,999)~~ \$4,000,000. Requirements shall not be artificially divided or fragmented in order to constitute a job order that satisfies this requirement.
 - b. If the Contractor subcontracts or intends to subcontract part or all of the work under a job order and if the JOC Construction Services Contract includes descriptions of standard individual tasks, standard unit prices for standard individual tasks and pricing of job orders based on the number of units of standard individual tasks in the job order:
 - (1) The Contractor has a duty to deliver promptly to each Subcontractor invited to bid a coefficient to the Contractor to do all or part of the work under one or more job orders:
 - (a) A copy of the descriptions of all standard individual tasks on which the Subcontractor is invited to bid.

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- (b) A copy of the standard unit prices for the individual tasks on which the Subcontractor is invited to bid.
 - c. If not previously delivered to the Subcontractor, the Contractor has a duty to deliver promptly the following to each Subcontractor invited to or that has agreed to do any of the work included in any job order:
 - (1) A copy of the description of each standard individual task that is included in the job order and that the Subcontractor is invited to perform.
 - (2) The number of units of each standard individual task that is included in the job order and that the Subcontractor is invited to perform.
 - (3) The standard unit price for each standard individual task that is included in the job order and that the Subcontractor is invited to perform.
- 13. Notwithstanding anything to the contrary in ABOR Policy, a University shall not:
 - a. Enter into a Contract as a contractor to provide CMAR Construction Services, DB Construction Services or JOC Construction Services.
 - b. Contract with itself, with another University, with the State of Arizona or with any other governmental unit of the State of Arizona or the federal government for the University to provide CMAR Construction Services, DB Construction Services or JOC Construction Services.
- 14. The prohibitions prescribed in ABOR Policy 3-804(B)-(13) do not prohibit a University from providing Construction for itself as provided by law.
- 15. The Procurement Officer shall include in each Contract for Construction Services the full street or physical address of each separate location at which the Construction will be performed and a requirement that the Contractor and each Subcontractor at any level include in each of its subcontracts the same address

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information. The Contractor and each Subcontractor at any level shall include in each subcontract the full street or physical address of each separate location at which Construction work will be performed.

C. General Provisions

1. Any building, structure, addition or alteration of a University or Board owned building may be constructed with the use of the University's regularly employed personnel without advertising for bids provided that the total cost of the work, excluding materials and equipment acquired by bid, does not exceed ~~fifty thousand dollars~~ (\$50,000).
2. The provisions of ABOR Policy 3-803(F) shall apply to the Procurement of Construction Services and Professional Services.
3. Detailed estimates of the cost of a Construction project prepared for a University by a construction manager or consultant shall remain confidential until after the Bid Opening, except when disclosed as provided in ABOR Policy 3-804(B).
4. The University shall advise the construction manager or the consultant of the amount of funds available for the project.
5. A University shall issue a notice to proceed only after the Contract is fully executed and upon receipt of proper bonds and insurance certificates.

D. Bid Security

1. As a guarantee that the Contractor will enter into a Contract, bid security is required for all Construction Services procured by a University if the University estimates that the budget for Construction, excluding the cost of Finance Services, Maintenance Services, Operations Services, Preconstruction Services, Professional Services, and any other related Services included in the Contract, will be more than the amount established in ABOR Policy 3-803(C)-(6). Bid security shall be a certified check, cashier's check or surety bond.
2. Bid security shall be submitted in the following amounts:
 - a. For DBB Construction, 10 percent of the Contractor's Bid.

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- b. For DB Construction Services procured through a Request for Proposals, 10 percent of the University's final design and Construction budget for the project as stated in the Request for Proposals, excluding Finance Services, Maintenance Services, Operating Services, Preconstruction Services, Professional Services, and any other related Services included in the Contract.
 - c. For JOC Construction Services, the amount prescribed by the University in the Request for Proposals, but not more than 10 percent of the University's reasonably estimated budget for Construction that the University believes is likely to actually be done during the first year under the Contract, excluding any Finance Services, Maintenance Services, Operations Services, Preconstruction Services, Professional Services, and any other related Services included in the Contract.
 3. Nothing in this section prevents a University from requiring such bid security in relation to any Construction Contract. The surety bond shall be executed and furnished as required by A.R.S. § Title 34, Chapter 2 or Chapter 6, as appropriate, and the conditions and provisions of the surety bond regarding the surety's obligations shall follow the form required by A.R.S. § 34-201 or § 34-606 as appropriate.
 4. If the Solicitation requires bid security, failure to provide proof of bid security at the time of Bid Opening requires that the Bid or Offer be rejected. If the bid security fails to comply with the requirement, but such failure is non-substantive, the Chief Procurement Officer may issue a written determination to accept the bid security if the following conditions exist:
 - a. Only one Bid or Offer is received and there is not sufficient time to re-solicit;
 - b. The amount of the bid security submitted, although less than the amount required by the Solicitation, is equal to or greater than the difference between the apparent low Bid or Offer and the next higher acceptable Bid or Offer; or
 - c. The bid security is inadequate as a result of correcting or modifying a Bid or Offer in accordance with this Code, if the

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Bidder or Offeror increases the amount of the security to required limits within two ~~(2)~~ Days after notification.

5. After the Bids or Offers are opened, they are irrevocable for the period stated in the Solicitation, except as provided in ABOR Policy 3-803(A)-(6) as to Bids, and ABOR Policy 3-804(B)-(6) as to Offers. If a Bidder or Offeror is permitted to withdraw its Bid or Proposal before Award, no action may be had against the Bidder, Offeror or the Bid security.

E. Contract Performance and Payment Bonds

1. The following bonds are required if the value of a Construction Contract exceeds the amount established by ABOR Policy 3-803(C)-(1). The University shall specify the form of any bonds required by this Code.
 - a. A performance bond satisfactory to the University, executed by a surety company authorized to do business in Arizona, in an amount equal to 100 percent of the amount specified in the Contract,
 - (1) except that, for JOC Construction Services, the performance bond:
 - (a) shall cover the full amount of Construction,
 - (b) shall not include any Professional Services, Preconstruction Services, Finance Services, Maintenance Services, Operations Services and other related Services included in the Contract,
 - (c) may be a single bond for the full term of the Contract, a separate bond for each year of a multiyear Contract or a separate bond for each job order, as determined by the University, and if a single bond for the full term of the Contract or a separate bond for each year of a multiyear Contract, shall initially be based on the University's reasonable estimate of the amount of Construction that the University believes is likely to actually be done during the full term of the Contract or during the particular

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year of a multiyear Contract

- (2) except that for CMAR Construction Services, and DB Construction Services, the amount of the performance bond shall be the price of Construction and shall not include the cost of any Professional Services, Preconstruction Services, Finance Services, Maintenance Services, Operations Services, and other related Services included in the Contract.
- b. A payment bond satisfactory to the University, executed by a surety company authorized to do business in Arizona, for the protection of all persons supplying labor and material to the Contractor or its Subcontractors for the performance of the Construction provided for in the Contract, in an amount equal to 100 percent of the price specified in the Contract:
- (1) except that, for JOC Construction Services, the payment bond:
 - (a) shall cover the full amount of Construction,
 - (b) shall not include any Professional Services, Preconstruction Services, Finance Services, Maintenance Services, Operations Services and other related Services included in the Contract,
 - (c) may be a single bond for the full term of the Contract, a separate bond for each year of a multiyear Contract or a separate bond for each job order, as determined by the University, and if a single bond for the full term of the Contract or a separate bond for each year of a multiyear Contract, shall initially be based on the University's reasonable estimate of the amount of Construction that the University believes is likely to actually be done during the full term of the Contract or during the particular year of a multiyear Contract.
 - (2) Except that, for CMAR Construction Services and DB Construction Services, the amount of the payment

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bond shall be the price of Construction, excluding the cost of any Professional Services, Preconstruction Services, Finance Services, Maintenance Services, Operations Services and any other related Services included in the Contract.

For DBB Construction, the performance bond and the payment bond shall be delivered by the Contractor to the University before or at the time the Contract is executed. For CMAR, DB and JOC Construction Services, the performance bond and the payment bond shall be provided before or at the time of execution of the Contract or an amendment to a Contract that commits the Contractor to provide Construction for a fixed price, guaranteed maximum price or other fixed amount within a designated time-frame.

- c. For a DBB project, if a Contractor fails to deliver the required payment and performance bonds, the Contractor's Bid shall be rejected, the Contractor's Bid security shall be enforced and Award of the Contract may be made to the next lowest Bidder. This Policy shall not be construed to limit the authority of the University to require a payment or performance bond or in circumstances other than as specified herein.
2. Any Person who furnished labor or material to the Contractor or its Subcontractors for the work provided in the Contract in respect to which a payment bond is furnished and who is not paid in full within ~~ninety (90)~~ days from the date on which the last of the labor was performed or material was supplied by the Person for whom the claim is made, has the right to sue on the payment bond for any amount unpaid at the time the suit is instituted and to prosecute the action for the amount due the Person. However, any Person who had a contract with a Subcontractor of the Contractor, but no express or implied contract with the Contractor furnishing the payment bond, has a right of action on the payment bond upon giving the Contractor a written preliminary ~~twenty~~20-day (20) notice as provided for in A.R.S. § 33-992.01, subsection C, paragraphs 1, 2, 3 and 4 and subsections D, E and I, and upon giving written notice to the Contractor within ~~ninety (90)~~ days from the date on which the last of the labor was performed or material was supplied by the Person for whom the claim is made.

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The Person shall state in the notice the amount claimed and the name of the party for whom the labor was performed or to whom the material was supplied. The notice shall be personally served or sent by registered mail, postage prepaid, in an envelope addressed to the Contractor at any place the Contractor maintains an office or conducts business.

3. Any suit instituted on a payment bond shall be brought in the Superior Court in the county in which the Construction Contract was to be performed, but no suit may be commenced later than one ~~(1)~~ year after the date on which the last of the labor was performed or material was supplied by the person bringing the suit. The ~~U~~university need not be joined as a party in the suit.

F. Contract Payment Retention

1. Ten ~~(40)~~ percent of all Construction Contract payments shall be retained by a ~~U~~university as insurance of proper performance of a Contract or, at the option of the Contractor, a substitute security may be provided by the Contractor in an authorized form pursuant to a policy adopted by the ~~B~~board or pursuant to a ~~U~~university Policies and Procedures. When the Contract is ~~fifty (50)~~ percent completed, one-half ~~(1/2)~~ of the amount retained shall be paid to the Contractor by the ~~U~~university provided that the ~~U~~university has determined that the Contractor is making satisfactory progress on the Contract and there is no specific cause or claim requiring a greater amount to be retained. After the Contract is ~~fifty (50)~~ percent completed, no more than five percent of the amount of any subsequent progress payments made under the Contract shall be retained by the ~~U~~university provided that the university has determined that the Contractor is making satisfactory progress on the project, but if at any time the ~~U~~university determines satisfactory progress is not being made, then ~~ten (10)~~ percent retention may be reinstated for all progress payments made under the Contract subsequent to that determination. The Contractor is entitled to all interest from any substitute security. Any retention shall be paid or substitute security shall be returned to the Contractor within ~~sixty (60)~~ days after final completion and acceptance of work under the Contract. Retention of payments by a university longer than ~~sixty (60)~~ days after final completion and acceptance requires a specific written finding by the ~~U~~university of the reasons justifying the delay in payment. A ~~U~~university may not retain any monies after ~~sixty (60)~~ days which are in excess of the

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amount necessary to pay the expenses the University reasonably expects to incur in order to pay or discharge the expenses determined by the finding justifying the retention of monies. A university shall not accept any substitute security unless accompanied by a signed and acknowledged waiver of any right or power of the obligor to set off any claim against either the University or the Contractor in relationship to the security assigned. In any instance in which the university accepts substitute security as provided in this ABOR Policy 3-804(F), any Subcontractor undertaking to perform any part of the Contract is entitled to provide such substitute security to the Contractor.

2. Notwithstanding anything to the contrary in ABOR Policy:
 - a. There shall be no retention for JOC Construction Services Contracts and the University may elect to have no retention for CMAR and DB Construction Services
 - b. This Policy applies only to amounts payable in a Construction Services Contract for Construction and does not apply to amounts payable in a Construction Services Contract for Professional Services, Preconstruction Services, Finance Services, Maintenance Services, Operations Services and any other related Services included in the Contract.

G. Progress Payment

1. Progress payments may be made by a University to the Contractor on a monthly basis after receipt of a certified and approved estimate of the work performed during a preceding period of time, except that a percentage of all estimates shall be retained as and to the extent provided in ABOR Policy 3-804(F). The progress payments shall be paid on or before ~~fourteen (14) D~~ days after the estimate of the work is certified and approved. The estimate of the work shall be deemed received by the University on submission in proper form to any person designated by the University for the submission, review and approval of the estimate of the work. An estimate of the work submitted under this paragraph shall be deemed approved and certified after seven ~~(7)~~ days from the date of submission unless before that time the University or University's agent prepares and issues a specific written finding detailing those items in the estimate of the work that are not approved and certified under the Contract. The University

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may withhold an amount from the progress payment sufficient to pay the expenses the university reasonably expects to incur in correcting the deficiency set forth in the written finding. On completion and acceptance of separate divisions of the Contract on which the price is stated separately in the Contract, payment may be made in full including retained percentages, less deductions, unless a substitute security has been provided. No Contract for Construction may materially alter the rights of any Contractor, Subcontractor or material supplier to receive prompt and timely payment as provided under this section.

2. The Contractor shall pay its Subcontractors and material suppliers, and each Subcontractor shall pay its Subcontractors or material suppliers, within seven (~~7~~) Days of receipt of each progress payment, unless otherwise agreed in writing by the parties, the respective amounts allowed the Contractor or Subcontractor on account of the work performed by the Contractor's or Subcontractor's Subcontractors, to the extent of each such Subcontractor's interest therein, except that no Contract for Construction may materially alter the rights of any Contractor, Subcontractor or material supplier to receive prompt and timely payment as provided under this section. These payments to Subcontractors or material suppliers shall be based on payments received pursuant to this section. The Subcontractor or material supplier shall notify the Registrar of Contractors and the University in writing of any payment less than the amount or percentage approved for the class or item of work as set forth in ABOR Policy 3-804.
3. A Subcontractor may notify the University in writing requesting that the Subcontractor be notified by the University in writing within five (~~5~~) Days from the payment of each progress payment made to the Contractor. The Subcontractor's request remains in effect for the duration of the Subcontractor's work on the project.
4. Nothing in this Code prevents the Contractor or Subcontractor, at the time of application and certification to the University or Contractor, from withholding such application and certification to the University or Contractor for payment to the Subcontractor or materials supplier for unsatisfactory job progress, defective construction work or materials not remedied, disputed work or materials, third party claims filed or reasonable evidence that a claim will be filed, failure of a Subcontractor to make timely payments for labor, equipment and materials, damage to the

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Contractor or another Subcontractor, reasonable evidence that the subcontract cannot be completed for the unpaid balance of the subcontract sum, or a reasonable amount for retention that does not exceed the actual percentage retained by the University.

5. If any payment to a Contractor is delayed after the date due, interest shall be paid at the rate of one ~~(1)~~ percent per month or a fraction of the month on such unpaid balance as may be due.
6. If any periodic or final payment to a Subcontractor is delayed by more than seven ~~(7)~~ days after receipt of periodic or final payment by the Contractor or a Subcontractor, the Contractor or Subcontractor shall pay the Subcontractor or Subcontractor's subcontractor or material supplier interest, beginning on the eighth ~~(8th)~~ day, at the rate of one ~~(1)~~ percent per calendar month or a fraction of a calendar month on such unpaid balance as may be due.
7. Notwithstanding anything to the contrary in this Code, this ABOR Policy 3-804(G) applies only to amounts payable in a Construction Services Contract for Construction and does not apply to amounts payable in a Construction Services Contract for Professional Services, Preconstruction Services, Finance Services, Maintenance Services, Operations Services or any other related Services included in the Contract.

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Item Name: **Ground Lease with Mountain Line for Development of a Commercial Driver's License Test Course (NAU)**

Action Item

Requested Action: Northern Arizona University (NAU) asks the board to approve a ground lease for the development of a Commercial Driver's License (CDL) test course in collaboration with Northern Arizona Intergovernmental Transportation Authority, doing business as Mountain Line, an intergovernmental public transportation authority, as described in this executive summary.

Background/History of Previous Board Action

- No previous board action

Discussion

- NAU and Mountain Line, an intergovernmental public transportation authority serving Northern Arizona, will collaborate on the development and joint use of a CDL test course (the "Project"). The Project will include the CDL test course and associated parking and roadway infrastructure improvements.
- Mountain Line received a \$1.4 million grant to design the Project in the summer of 2020. Mountain Line has secured additional federal grant funding in the amount of \$3.5 million as of March 2022 to complete the construction of the project, which construction will occur on NAU property. Cash contributions will be evenly split between NAU and Mountain Line. The Project is contingent upon final Federal Transit Authority (FTA) approval of the documented expected proportional shared use, which approval is expected in June 2022.
- NAU and Mountain Line have collaborated closely for fifteen years. The last major collaboration was under an Intergovernmental Agreement (IGA) for the planning, development and construction of Mountain Line Route 10 and the related transit spine infrastructure which provides bus transportation through NAU's campus for an average of 9,000 riders daily. The Route 10 project was made possible through the receipt of a federal grant submitted and managed by Mountain Line, use of NAU property, and NAU and Mountain Line splitting the grant required local funds match of 20%.
- Additional examples of continued collaboration between NAU and Mountain Line

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include, NAU representation on the Mountain Line's Board and Transit Advisory Council, NAU's participation in the Mountain line ecoPASS program since 2008 whereby NAU purchases bus passes for all eligible employees at a reduced bulk rate to encourage sustainable transportation options, and an IGA entered into between the parties October 15, 2007, under which Mountain Line performs grant administration, planning, and administration services related to the Mountain Campus Transit System.

- NAU does not have a dedicated facility for CDL training and testing for driver training, which results in training being conducted in various parking lots across campus. This use results in conflicts with the designated parking use of the lots and premature deterioration of the asphalt in those lots which in turn requires significant funding for repair. NAU's annual need for CDL trained individuals to fill full-time and student wage positions is in excess of fifty (50) individuals. Collaboration on this Project will allow NAU to train and test individuals to obtain their CDL for employment at NAU in Campus Shuttle and Fleet services and other service operations where there is a need.
- Total project cost is estimated at \$4,375,581. Mountain Line has secured \$3,500,465 in FTA funding, which requires a local match of 20%, or \$875,116. Mountain Line and NAU will each be responsible for 50% of the local match. In the event costs are greater than the current project estimate, NAU and Mountain Line will equally share the increased cost. FTA funding associated with this award must be obligated by October 2022.
- Following execution, the ground lease will remain in effect for fifty (50) years in accordance with the federal grant award.
- Mountain Line will be charged fifty dollars (\$50.00) for the term of the ground lease.
- Mountain Line will own the improvements until useful life end, estimated to be fifty (50) years, after which fee simple title will transfer to NAU.
- Mountain Line and NAU will equally share operations and maintenance costs.
- NAU and Mountain Line will execute an IGA that defines each party's responsibilities for funding, operations, maintenance, and the requirement for a ground lease.
- Under an IGA effective March 14, 2006, NAU is an organizing member of the Northern Arizona Intergovernmental Public Transportation Authority.

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Statutory/Policy Requirements

- ABOR Policy 7-207(A) requires committee review and board approval for the lease of real property.

Committee Review and Recommendation

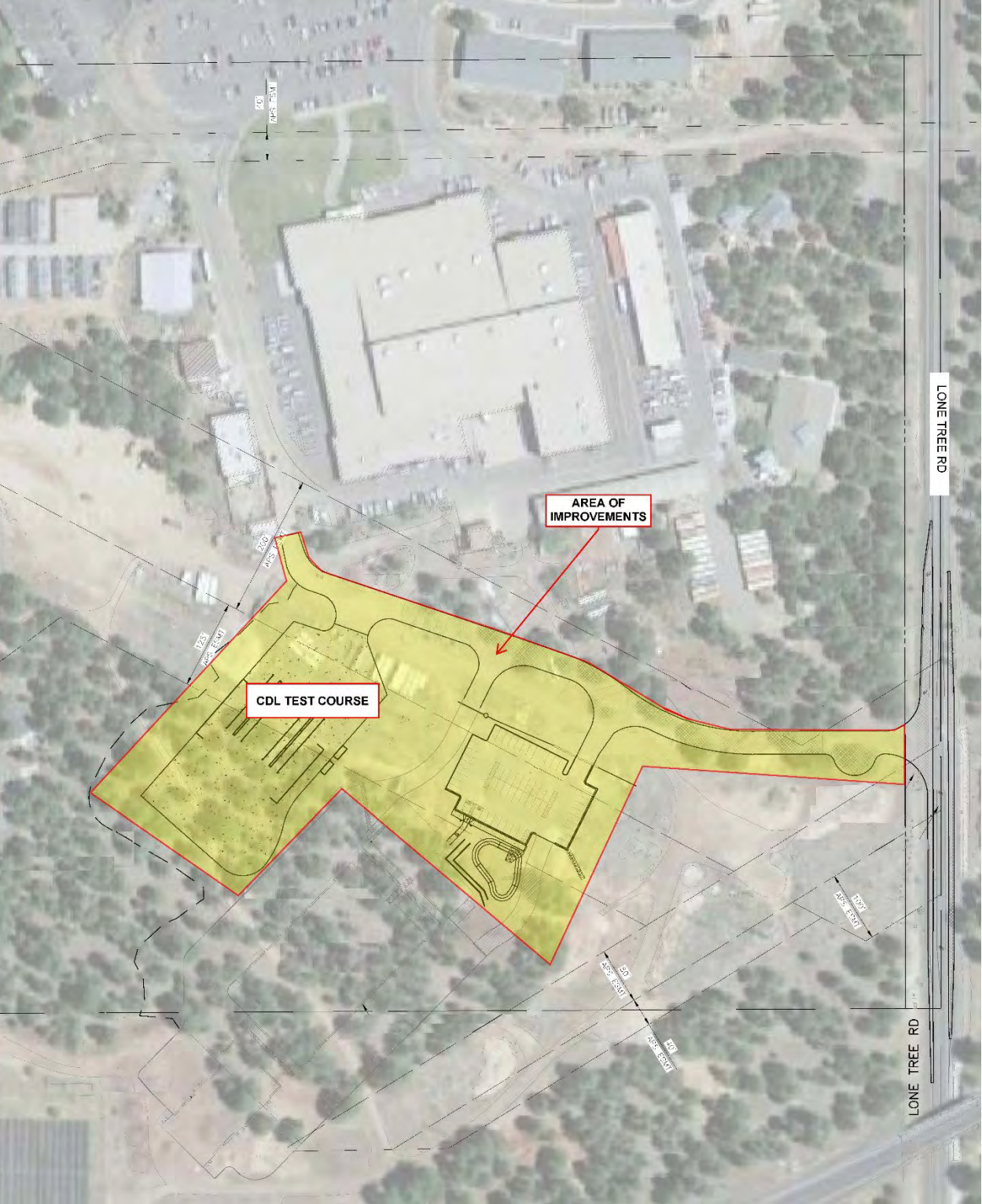
The Finance, Capital and Resources Committee reviewed this item at its May 26, 2022 meeting, and recommended forwarding the item to the full board for approval.

Exhibit

- Exhibit A Site Map-see next page

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Exhibit A



EXECUTIVE SUMMARY

Item Name: Proposed Revisions to ABOR Policy 9-202 “University Responsibilities” (First Reading)

Action Item

Requested Action: The board office asks the board for consideration on first reading the proposed revisions to ABOR Policy 9-202 “University Responsibilities” related to IT Security.

Background/Discussion

In its Information Technology Security Performance Audit, the Auditor General’s Office (“OAG”) recommended that the Arizona Board of Regents (“ABOR”) enhance its IT security governance by expanding its oversight activities of the universities’ IT security efforts, including by using existing ABOR processes.

Specifically, the OAG recommended the following:

ABOR should work with the universities to develop and implement a comprehensive plan for expanding its governance and oversight of the universities’ IT security practices. As part of expanding its efforts in this area, ABOR should consider implementing additional oversight practices recommended for governing boards, including:

- a. Requiring the universities to monitor and regularly report to ABOR on IT security program effectiveness;
- b. Requiring each university’s annual audit plan to include an IT security component, such as audits of specific IT security controls or processes, including reporting audit results to ABOR; and
- c. Reviewing the results of the universities’ IT risk assessments¹

ABOR previously addressed the audit recommendations by approving revisions to the university Audit Office Charters that require each university’s annual audit plan to include an IT security component(s). (See the January 24, 2019, Audit Committee meeting agenda).

In addition, the proposed revisions to ABOR Policy 9-202 are intended to address the remaining recommendations by requiring the universities to monitor and to report to the

¹ See OAG Report 18-104: *Arizona’s Universities-Information Technology Security*; June 2018; Recommendation 5.1.

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ABOR Audit Committee on IT security program effectiveness and the results of the universities' IT risk assessments.

Specifically, subsections (B) and (E) of the policy will require the following:

- B. EACH UNIVERSITY SHALL DEVELOP, IMPLEMENT, AND MAINTAIN AN INFORMATION SECURITY PROGRAM THAT DEVELOPS, IMPLEMENTS, AND MAINTAINS A SET OF INFORMATION SECURITY POLICIES, GUIDELINES, AND DETAILED SECURITY STANDARDS THAT ARE CONSISTENT WITH INDUSTRY STANDARDS AND APPLICABLE LAW. THE INFORMATION SECURITY PROGRAM SHALL, AT A MINIMUM:
 - 1. INSTITUTE PROCESSES FOR POLICY AND PROCEDURES THAT:
 - a. IMPLEMENT INFORMATION TECHNOLOGY ("IT") SECURITY;
 - b. MONITOR AND TEST IMPLEMENTATION AND PRACTICES;
 - c. DEVELOP METRICS THAT REPORT ON IT SECURITY PRACTICES; AND
 - d. REMEDIATE IDENTIFIED RISKS
 - 2. APPLY THE PROCESSES DEVELOPED IN PARAGRAPH B.1 TO AREAS THAT INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:
 - a. EMPLOYEE SECURITY AWARENESS AND TRAINING.
 - b. IT SECURITY CONTROLS THAT PROTECT IT SYSTEMS AND DATA, AND COVER:
 - i. VULNERABILITY MANAGEMENT
 - ii. CONFIGURATION MANAGEMENT
 - iii. PATCH MANAGEMENT
 - iv. WEB APPLICATION DEVELOPMENT
 - v. LOG MONITORING
 - vi. DATA CLASSIFICATION
 - vii. EXTERNAL PARTIES MANAGEMENT.
 - c. IT SECURITY GOVERNANCE THAT INCLUDES:
 - i. IT SECURITY STRATEGIC PLAN
 - ii. DOCUMENTED ROLES AND RESPONSIBILITIES
 - iii. POLICIES AND GUIDANCE
 - iv. MONITORING PROCESSES
 - v. IT RISK ASSESSMENT

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vi. INCIDENT RESPONSE.

E. EACH UNIVERSITY MUST REPORT ANNUALLY TO THE BOARD AUDIT COMMITTEE ON ITS INFORMATION SECURITY PROGRAM, INCLUDING:

1. METRICS THAT MEASURE THE PROGRAM'S EFFECTIVENESS;
2. RISK MITIGATION AND REMEDIATION ACTIVITIES; AND
3. RISK ASSESSMENTS, AND WHETHER THE ASSESSMENTS HAVE BEEN SHARED WITH THE UNIVERSITY'S AUDIT DEPARTMENT AS PART OF THE UNIVERSITY-WIDE RISK ASSESSMENT THAT INFORMS DEVELOPMENT OF THE ANNUAL AUDIT PLAN.

The full text of the proposed revisions to ABOR Policy 9-202 is attached.

Committee Review and Recommendation

The Audit Committee reviewed this item at its May 26, 2022 meeting and recommended forwarding the item to the full board for first reading.

Statutory/Policy Requirements

A.R.S. § 16-1626

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9-202 University Responsibilities

- A. ~~Each university president is responsible for assuring that appropriate and auditable information security controls are in place at the university for all university information resources and systems.~~
- B. ~~Each university shall develop, implement, and maintain an information security program. Each university must submit its information security program to ATOC and to the Board for review and must report annually the university's progress on meeting its program goals.~~
- C. ~~Each university shall develop, implement, and maintain a set of information security policies, and guidelines that are consistent with ABOR Information Security Program Guidelines and applicable law.~~
- D. ~~Each university will establish detailed security standards that are consistent with the ABOR Information Security Program Guidelines.~~
- E. ~~Each university shall establish an Information Security Office and designate an individual as Information Security Officer or Information Security Director. This individual will be responsible for the creation and implementation of an information security program that is consistent with ABOR Information Security Program Guidelines.~~
- F. ~~Each university shall establish an Information Security Committee. The Committee will review and recommend information security policies and standards, and provide guidance and support to the Information Security Officer or Information Security Director for the implementation and maintenance of the Program.~~
- G. ~~If a university determines that the probability of a security breach involving the acquisition of and access to personal information as defined in A.R.S. § 44-7501 (Security Breach Notification) is likely or has occurred, the Information Security Officer or Information Security Director shall report the incident promptly and in writing to the President of the Board and the Board Chair. The Information Security Officer or Information Security Director shall also notify the President of the Board and the Board Chair when the incident is closed. The incident closure report shall provide a description of the incident, including the nature of the incident and the numbers of individuals impacted, the incident handling process, a copy of the notification, if any, and the actions taken to prevent further breaches of security.~~

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- A. EACH UNIVERSITY PRESIDENT IS RESPONSIBLE FOR ASSURING THAT APPROPRIATE AND AUDITABLE INFORMATION SECURITY CONTROLS ARE IN PLACE AT THE UNIVERSITY FOR ALL UNIVERSITY INFORMATION RESOURCES AND SYSTEMS.

- B. EACH UNIVERSITY SHALL DEVELOP, IMPLEMENT, AND MAINTAIN AN INFORMATION SECURITY PROGRAM THAT DEVELOPS, IMPLEMENTS, AND MAINTAINS A SET OF INFORMATION SECURITY POLICIES, GUIDELINES, AND DETAILED SECURITY STANDARDS THAT ARE CONSISTENT WITH INDUSTRY STANDARDS AND APPLICABLE LAW. THE INFORMATION SECURITY PROGRAM SHALL, AT A MINIMUM:
 - 1. INSTITUTE PROCESSES FOR POLICY AND PROCEDURES THAT:
 - a. IMPLEMENT INFORMATION TECHNOLOGY (“IT”) SECURITY;
 - b. MONITOR AND TEST IMPLEMENTATION AND PRACTICES;
 - c. DEVELOP METRICS THAT REPORT ON IT SECURITY PRACTICES; AND
 - d. REMEDIATE IDENTIFIED RISKS

 - 2. APPLY THE PROCESSES DEVELOPED IN PARAGRAPH B.1 TO AREAS THAT INCLUDE, BUT ARE NOT LIMITED TO, THE FOLLOWING:
 - a. EMPLOYEE SECURITY AWARENESS AND TRAINING.

 - b. IT SECURITY CONTROLS THAT PROTECT IT SYSTEMS AND DATA, AND COVER:
 - i. VULNERABILITY MANAGEMENT
 - ii. CONFIGURATION MANAGEMENT
 - iii. PATCH MANAGEMENT
 - iv. WEB APPLICATION DEVELOPMENT
 - v. LOG MONITORING
 - vi. DATA CLASSIFICATION
 - vii. EXTERNAL PARTIES MANAGEMENT.

 - c. IT SECURITY GOVERNANCE THAT INCLUDES:
 - i. IT SECURITY STRATEGIC PLAN
 - ii. DOCUMENTED ROLES AND RESPONSIBILITIES

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- iii. POLICIES AND GUIDANCE
 - iv. MONITORING PROCESSES
 - v. IT RISK ASSESSMENT
 - vi. INCIDENT RESPONSE.
- C. “INDUSTRY STANDARDS” AS USED IN THIS POLICY MEANS FRAMEWORKS AND STANDARDS THAT MAY INCLUDE, BUT ARE NOT LIMITED TO, NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY(NIST) AND INTERNATIONAL ORGANIZATION FOR STANDARDIZATION (ISO).
- D. EACH UNIVERSITY SHALL ESTABLISH AN INFORMATION SECURITY OFFICE AND DESIGNATE AN INDIVIDUAL AS INFORMATION SECURITY OFFICER OR INFORMATION SECURITY DIRECTOR. THIS INDIVIDUAL WILL BE RESPONSIBLE FOR THE CREATION AND IMPLEMENTATION OF AN INFORMATION SECURITY PROGRAM THAT IS CONSISTENT WITH INDUSTRY STANDARDS AND APPLICABLE LAW.
- E. EACH UNIVERSITY MUST REPORT ANNUALLY TO THE BOARD AUDIT COMMITTEE ON ITS INFORMATION SECURITY PROGRAM, INCLUDING:
- 1. METRICS THAT MEASURE THE PROGRAM’S EFFECTIVENESS;
 - 2. RISK MITIGATION AND REMEDIATION ACTIVITIES; AND
 - 3. RISK ASSESSMENTS, AND WHETHER THE ASSESSMENTS HAVE BEEN SHARED WITH THE UNIVERSITY’S AUDIT DEPARTMENT AS PART OF THE UNIVERSITY-WIDE RISK ASSESSMENT THAT INFORMS DEVELOPMENT OF THE ANNUAL AUDIT PLAN.
- F. IN ADDITION TO COMPLYING WITH A.R.S. §§ 18-551 AND 18-552, IF A UNIVERSITY DETERMINES THAT AN INFORMATION TECHNOLOGY SYSTEM IS EXPERIENCING OR HAS EXPERIENCED A “SECURITY SYSTEM BREACH,” AS DEFINED IN A.R.S. § 18-551, INVOLVING THE UNAUTHORIZED ACQUISITION OF AND UNAUTHORIZED ACCESS TO PERSONAL INFORMATION, WHICH MEETS THE THRESHOLD IN A.R.S. § 18-552.B.2., THE INFORMATION SECURITY OFFICER OR INFORMATION SECURITY DIRECTOR SHALL REPORT THE INCIDENT PROMPTLY AND IN WRITING TO THE BOARD’S EXECUTIVE DIRECTOR AND THE BOARD CHAIR. THE INFORMATION SECURITY OFFICER OR INFORMATION SECURITY

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DIRECTOR SHALL ALSO NOTIFY THE BOARD'S EXECUTIVE DIRECTOR AND THE BOARD CHAIR WHEN THE INCIDENT IS CLOSED. THE INCIDENT CLOSURE REPORT SHALL PROVIDE A DESCRIPTION OF THE INCIDENT, INCLUDING THE NATURE OF THE INCIDENT AND THE NUMBERS OF INDIVIDUALS IMPACTED, THE INCIDENT HANDLING PROCESS, A COPY OF THE NOTIFICATION, IF ANY, AND THE ACTIONS TAKEN TO PREVENT FURTHER BREACHES OF SECURITY.

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