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Approval of Capital Improvement Plans, In-depth Review of NAU Operations and Review of Student Success Indicators Highlights of ABOR Meeting

FY2019 State Budget Requests: Approved

The board reviewed and [approved FY 2018-19 state budget requests for ABOR, ASU, NAU and UA](#).

Currently the state funds approximately 34 percent of the cost of education for resident students. Recognizing that state funding is not likely to return to pre-recession levels when 75 percent of resident students' education was covered by the state, the universities have requested the state fund 50 percent for resident students. This is reflective of the board's student-centered funding model that was adopted in fiscal year 2017. In order to achieve the 50 percent funding goal at current full-time enrollment counts, the state would need to increase state appropriations by approximately \$252 million

To accomplish this, the board recommends phasing in the required funds over four years. The amount requested for FY 2019 in new state appropriations is \$63.1 million system wide.

Resident Funding Model Four-Year Phase In

| | FY 2019 Request | FY 2020 Request | FY 2021 Request | FY 2022 Request | Total |
|-------|------------------------|------------------------|------------------------|------------------------|---------------|
| ASU | \$33,636,900 | \$33,636,900 | \$33,636,900 | \$33,636,900 | \$134,547,600 |
| NAU | \$12,710,500 | \$12,710,500 | \$12,710,500 | \$12,710,500 | \$50,842,000 |
| UA | \$16,700,800 | \$16,700,800 | \$16,700,800 | \$16,700,800 | \$66,803,200 |
| Total | \$63,048,200 | \$63,048,200 | \$63,048,200 | \$63,048,200 | \$252,192,800 |

In addition to the base funding, the FY 2019 budget request includes growth funding. Between fall of 2016 and fall 2017, resident student enrollments grew by almost 2,700 new students. To reach and maintain the 50 percent funding target, the state appropriation must recognize and provide for these new students. At our current state funding levels, FY 2019 growth is valued at \$14 million.

Combining base funding with growth funding, the total ongoing request for FY 2019 is \$77 million.

In addition to the FY 2019 budget request, the board is requesting a one-time supplemental increase to the FY 2018 budget of \$22.1 million. As part of the FY 2018 statewide budget, the Arizona Department of Administration added a one-time surcharge to health care premiums of 12.6 percent. State agencies were expected to cover this cost with either increased general fund appropriations or from other operating funds.

This policy had a unique and disproportional impact on Arizona’s public universities. Our employees make up approximately one-third of all employees in the health care fund, with the vast majority funded from local university sources. Because of this, in FY 2018 the health care premium surcharge increased costs by over \$27 million with the general fund covering only a small portion of that impact. Without additional state funds, Arizona’s public universities will have to identify and pay another \$22.1 million. These monies will largely come from student tuition and fees. The board requests the state help the universities further mitigate those costs.

Focusing on Quality Education through Five-Part Review Series

Ensuring quality at Arizona’s public universities is the focus of a new five-part review series on [general education quality assurance](#) at Arizona’s public universities. This week, the Academic and Student Affairs Committee reviewed and discussed part one of the series, which covers the purpose of general education programs; the structure of general education curriculum; the goals and learning outcomes of general education courses and programs; the connections between general education and student development; and more.

“The board is keenly focused on access and affordability to ensure public higher education in Arizona is within reach for Arizona’s students and families,” said Eileen Klein, Arizona Board of Regents president. “Ensuring quality is also an integral focus of the board’s work. In a changing higher education marketplace where universities face numerous challenges, students and families have a high expectation for a return on their investment. This quality review series will position us to ensure we are delivering the highest quality degrees that contribute to the success of our students.”

Ensuring quality in general education is a large-scale process that encompasses and includes faculty, department heads, deans, administrators and provosts who all engage in the evaluation of courses and programs in the general education curriculum. These efforts are reflective of the Arizona Board of Regents focus on quality with the adoption of quality markers in last year’s updated strategic plan.

Capital Improvement Plans and Board Action on Business and Finance Agenda Items

The board approved the capital improvement plans submitted by the universities, which include 13 projects totaling \$848.8 million. The newly approved state-university capital investment bonding program will be used to finance \$731.4 million of the \$848.8 million. Projects with anticipated construction starts in 2018 could total between \$392.4 million to \$592.4 million.

The Arizona State University capital improvement plan includes three projects that total \$218.4 million for a new research building, new parking and student housing renovations. Northern Arizona University’s capital improvement includes two projects that total \$146.5 million for a new STEM academic and research building, and a partial building renovation. The University of Arizona plan includes eight projects that total \$474 million for two new research buildings, four athletic-related projects, one building renovation and campus-wide deferred maintenance.

The board also took the following actions on Business and Finance Committee agenda items:

- Approved Phase 3 of the [ASU Sun Devil Stadium Renovation](#) project.
- Approved [ASU Novus Innovation Corridor Master Plan and reporting structure](#).

- Authorized UA to execute a ground lease and associated agreements with American Campus Communities for the development of an [Honors College Housing Community](#) on the northern edge of the UA campus.

NAU Operational and Financial Review

As part of its focus on accountability and transparency as well as to fulfill its constitutional responsibility to ensure that Arizona’s public universities accomplish their public purpose and mission, the Arizona Board of Regents conducts an annual comprehensive review of the operations and finances of each university. The review includes a background report, business plan and an operational and financial review presentation to the board.

The OFR is critical to the enterprise mission and enables the university system’s focus on planning and student success. The in-depth report provides the board with a clear understanding of the details and progress of each university against the goals assigned in the [ABOR strategic plan](#). The report informs the board when making decisions such as setting tuition.

Northern Arizona University’s OFR indicates progress toward its 2025 metrics as well as financial, capital and personnel information.

[Click here](#) for more information.

FY 2017 Technology and Research Initiative Fund Annual Report

The board received and approved the [FY 2017 Technology and Research Initiative Fund Annual Report](#).

In FY 2017, Arizona public universities received approximately \$72 million in TRIF revenue. Proposition 301 increased the state’s sales tax to be dedicated to K-12, the community colleges and Arizona’s public universities. Collection of the tax began on June 1, 2001, and will continue through June 30, 2021.

University TRIF projects are focused in five themed areas: Improving Health; Water, Environment and Energy; Space Exploration and Optical Science; National Security Systems; and Higher Education Access and Workforce Development. These initiatives support the board’s goal of strengthening Arizona’s economy by facilitating the creation of technology development and transfer that is valuable to a knowledge-based global economy.

Examples of TRIF supported research in FY 2017, includes: launch of a GMB AGILE trial for glioblastoma brain tumors; prevention of veteran suicides; development of an explosive ordnance detector using flexible X-ray imaging arrays; reduction of time to diagnose and treat Valley Fever; DNA sequencing for environmental monitoring of bio-threat agents; and more.

New Report: College Going and College Completion

New data compiled by the board focuses on [college going](#) and [college completion](#) for 2015-2016.

Key takeaways from the [report](#):

Statewide performance was inconsistent

- Statewide performance is inconsistent with the top 100 schools sending the vast majority of students to postsecondary institutions.
- Thirty-five high schools sent zero graduates to postsecondary education (7 percent).

- Fifty-eight high schools out of 501 produced half of total graduates going to postsecondary education (11.6 percent).
- Improvement in college going and completion:
 - Over the past six years, there has been a significant improvement in both overall college completion numbers, as well as the college completion rate, increasing by 37.1 percent and 2 percent, respectively.
 - In two-year programs, significant improvement is shown from 2004-05 through 2009-10 in both overall college completion numbers and the college completion rate, increasing by 105.1 percent and 2.6 percent, respectively.
 - Among ethnic groups, there is an increase in Hispanic college completion rates among students in high school graduating classes from 2005-06 to 2009-10. College going among Hispanics rose 3.4 percent, a significant increase in Arizona where Hispanic student numbers are increasing.

President's Report Highlights Student Access, Success

Growth in student access and success, as well as the launch of the [Arizona Teachers Academy](#) were highlights of Arizona Board of Regents President Eileen Klein's report during this week's board meeting.

Arizona's public universities each reached new milestones this fall. Overall enrollment for the three universities is 179,455. For the fifth consecutive year, Arizona State University numbers for Arizona resident freshmen have increased with approximately 7,212 freshmen. Northern Arizona University welcomed approximately 6,000 first-year students and the University of Arizona's freshman class is the most diverse to date.

President Klein detailed this week's launch of the new [Arizona Teachers Academy](#), an initiative that Gov. Ducey called on the board and the universities to implement in his State of the State address. Through new and expanded programs, the universities are offering incentives to educate more teachers for Arizona's classrooms. Graduates of the academy who agree to teach in Arizona will have the costs of their tuition and fees associated with their program of study waived through a year-for-year tuition scholarship that rewards graduates who serve Arizona schools.

"This academy demonstrates a new commitment by the board and the universities to bring and retain new teachers to Arizona's classrooms, eliminating barriers to rewarding careers in education," Klein said. "We are proud to have led this effort to develop this important initiative for the state, and I am confident that we will continue to innovate to create additional options to grow our teacher workforce."

President Klein also outlined key governance enhancements for the board to prioritize in 2017-18 including: reforming board oversight of university property development; launching a quality assurance review (see following brief); pursuing additional reforms to increase access and affordability; promoting greater transparency in tuition and fee setting and encouraging greater alignment in Arizona's higher education system; revamping the structure, charge and authority of board committees; leading in state and national discussions on the future of public higher education; and preserving trust and confidence in public higher education.

New Report: Graduate Wages Emphasize Value of Arizona College Degree

New data compiled by the Arizona Board of Regents reflects the value of earning a higher education degree in the 2017 [Wages of Graduates](#) report.

Key findings include:

- In 2016, 284,554 students who graduated from Arizona's public universities between 1989-1990 and 2015-16 earned nearly \$17.25 billion in wages in Arizona and paid an estimated \$1.23 billion in state and local taxes.
- Their annual average wage was \$60,608 compared to \$48,516 for all similar workers in Arizona. This is a difference of \$12,092 per graduate, or 24.92 percent.
- Median earnings in Arizona of an individual with a graduate degree were \$62,034 and for someone with a bachelor's degree their median earnings were \$50,479.
- By contrast, an individual in Arizona with some college, but no degree, had median earnings of \$34,251 and a high school graduate had median earnings of \$27,708.
- An undergraduate student working in Arizona has median earnings that are \$22,771 (82 percent) higher than a high school graduate. The median earnings of a graduate student were \$11,555 (23 percent) above those of a bachelor's degree recipient.
- And the gap is widening. In 2007, the median earnings of someone with a bachelor's degree were 70 percent higher than someone with a high school diploma and someone with a graduate degree earned 23 percent more than someone with a bachelor's degree.