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Contact: Sarah Harper, (602) 402-1341, sarah.k.harper@azregents.edu
Julie Newberg, (602) 686-1803, julie.newberg@azregents.edu

Approval of State Budget Request, In-depth Review of NAU Operations and Review of Student Success Indicators Highlights of ABOR Meeting This Week

ABOR President's Report Highlights Student Success

Growth in student success and the adoption of a statewide educational attainment goal were the highlights of Arizona Board of Regents President Eileen Klein's report at the board meeting in Flagstaff this week.

Arizona's public university system recorded an enrollment increase of about 8,500 students, accounting for a total enrollment of 172,000 students. More than 25,700 students are incoming freshmen, an increase of more than 500 freshmen. The universities also set records in student diversity with freshman diversity stronger than ever. The incoming freshman class included growth in Latino and African American students, online students and transfer students.

New [college going](#) and [completion](#) data is also reflective of student success and the progress Arizona schools have made in helping high school students access and prepare for a college education. The new [data](#) shows an increase of 2,400 Arizona high school students who went on to postsecondary education and an increase of nearly 2,000 students who graduated six years later from a two- or four-year institution. In addition to the data, the board of regents has provided the public with an easy-to-use, interactive tool that enables educators and leaders to think strategically about K-12 school reform, and allows students and families to see how a high school's college going and completion rates compare with other schools in the state.

New Statewide Education Initiative Sets Educational Attainment Goal

President Klein also highlighted the Sept. 16 launch of a statewide educational attainment goal to equip 60 percent of Arizonans with some form of post-high school certificate or degree by 2030. Announced and endorsed by Gov. Ducey as "the next big step in education reform," the initiative, known as [Achieve60AZ](#), is a critical step toward raising Arizona's attainment level. The initiative is being led by a coalition of stakeholders, comprised of 60 organizations from both public and private sectors from around the state, representing all levels of education.

"The coordinated Achieve60AZ effort also continues our strategic efforts to advance education statewide, strengthen the K-12 pipeline and promote a college-going culture in Arizona," said Chair Greg Patterson.

Board Approves FY18 State Budget Request

The board approved the [FY 2018 State Budget Request](#), which advances the board’s resident-student funding model by setting the goal for state funding as 50 percent of the cost to educate Arizona resident students by the year 2020. In this year’s state budget, \$8.2 million was appropriated to the universities based on the resident-student funding model. This request proposes to increase incrementally over the next three years the state’s commitment to supporting postsecondary success for Arizona students. Currently, the state is funding about 34 percent of the cost to educate a resident student.

The new funding model is also a response to Gov. Ducey’s call to the board to deliver a plan that “counts the state as one of many investors,” and which respects the most important consumers of higher education – students and their parents.

To reach a 50 percent funding commitment, the state will need to increase funding above the current base appropriation of \$698.4 million by \$233.6 million. Using a three-year “phase-in” process, the amount requested in new state appropriations for progress toward the goal in FY 2018 is \$77.8 million system wide.

| | FY 2018 Request | FY 2019 Request | FY 2020 Request | Total |
|-------|--------------------|--------------------|--------------------|---------------|
| ASU | \$41,507,925 | \$41,507,925 | \$41,507,925 | \$124,523,775 |
| NAU | \$15,851,933 | \$15,851,933 | \$15,851,933 | \$47,555,799 |
| UA | \$20,491,642 | \$20,491,642 | \$20,491,642 | \$61,474,926 |
| Total | \$77,851,500 | \$77,851,500 | \$77,851,500 | \$233,554,500 |

Taking student growth into consideration – defined for budgeting purposes as fall 2016 resident student counts over fall 2015 counts – approximately \$9 million has been added to the operating budget request. Including growth, the full operating request is as follows:

| | |
|-------|--------------|
| ASU | \$45,925,400 |
| NAU | \$20,939,500 |
| UA | \$20,491,600 |
| Total | \$87,356,500 |

The FY 2017 state appropriation includes \$19 million in one-time funds. That appropriation does not continue in FY 2018. Therefore, if the \$87 million request is funded, the net increase in appropriation will only be \$68 million.

“The board adopted a new funding model to clearly define the relationship between the state and the universities – a response to the governor’s request for a new model that relied on the state as one of many investors. The board has delivered that model and is now working toward its 50-50 goal,” said Regent Rick Myers.

Additionally, the board introduced its interest in beginning discussions on statewide strategy to invest in capital and educational infrastructure. Universities requested a one-time capital appropriation of \$30.1 million to address [critical renewal needs](#) for high-priority items such as fire alarms, roofs and asbestos abatement, and ongoing seed monies to begin to address additional square footage for student growth and expanded research missions. The dollars will be divided between the universities based on a formula that includes deferred maintenance, student counts, research levels and a building condition index. The allocations are as follows: \$12.2 million for ASU, \$5.7 million for NAU and \$12.2 million for UA.

Secretary of State Highlights Efforts to Increase Young Voter Turnout

[Secretary of State Michele Reagan](#) presented to the board recent voter outreach efforts made by the state. In working to enhance Arizona residents' engagement in government, particularly young voters in the 18-25 age demographic, the Office of the Secretary of State has made a series of upgrades in terms of digital tools and technologies that connect voters with the necessary information to participate in the upcoming general election. Such upgrades include a new Arizona Votes [website](#) that is interactive, streamlined and mobile-friendly with a host of online services, such as voter registration.

Additionally, Secretary Reagan highlighted a new ambassadors program that sends Voting Rights Ambassadors throughout the state to explain to voters what their rights are and how to participate in the political process. Another program works with K-12 students to get them educated and excited about voting.

Further collaboration between the universities and the state is needed to develop strategies and processes to ensure that students get registered to vote early on in their college career. This fall, Arizona State University plans to secure its first on-campus polling place, which would help to further drive young voter turnout.

"We're appreciative of Secretary Reagan's time to come talk with the board about the importance of political participation on behalf of our university students, particularly undergraduates," said President Eileen Klein. "The outreach efforts of Secretary Reagan and her staff to spur young voter turnout and educate Arizonans on their voter rights are essential to building an informed citizenry in our state."

Increased Access to Universities Goal of Proposed Admission Policy

The board heard its first reading of the [proposed changes](#) to ABOR Policy 2-121, "Undergraduate Admission," which provide innovative revisions to admission standards that give universities more flexibility in admitting students with deficiencies who are most likely to succeed in a university setting with the needed support. Additionally, the changes are intended to increase accountability measures in ensuring a commitment to access and diversity at Arizona's public universities.

The revisions to the admission policy, developed through an extensive review of peer, competitor institutions and several systems with input from education stakeholders, attempts to demystify the college application process and allow students who are applying to Arizona's public universities to better understand the process and requirements for college readiness.

As many colleges and universities are moving away from class rankings, greater emphasis is being placed on students' skill sets to do university-level work rather than standardized test scores, cumulative GPA

and high school ranking. The paradigm shift allows for multiple points of access to a world-class education while acknowledging the entire spectrum of human talent that is capable of succeeding in postsecondary education.

“This new policy will guarantee admission for more Arizona high school students who demonstrate ability,” said President Eileen Klein. “The effects of the policy will give any student who is a solid student and has taken the required curriculum guaranteed admission to Arizona’s public universities. The policy allows schools and students alternative ways of demonstrating college readiness.”

Board adoption of these revised standards is expected to take place with a second reading at the board meeting in November 2016; however, the changes will not be implemented until 2019 so that current high school freshmen and sophomores will have time to meet the new requirements. The proposed changes to admission policy 2-121, if approved, will take effect for the freshman and transfer class entering in the fall 2019 semester.

2017 Legislative Agenda Proposes Strategic Plan to Transition Universities’ Health Benefits

Support for a resident-student funding model will remain an ongoing focal point of the board’s 2017 legislative agenda in addition to proposals regarding health benefits for university employees.

A report commissioned by the Department of Administration (ADOA) and the universities on the costs of university participation in the ADOA plan determined that Arizona State University and the University of Arizona could save approximately \$30 million per year by separating from the ADOA plan. The EEC proposes to allow the university system to seek a strategically planned transition from the state health benefits plan to a tri-university health insurance plan or individual insurance plans by university. NAU, which currently operates its own health plan, could either join a tri-university plan or continue operating its own.

The EEC proposed to allow the universities to adhere to the less burdensome federal regulations by setting the minimum hours worked per week to trigger health benefits eligibility at 30 hours per week rather than 20 hours per week, which is mandated by the ADOA. The EEC proposes that the transition to the 30 hours per week requirement will not affect current employees. Existing employees will retain health insurance benefits.

Additionally, the EEC proposed the three ASU budget units (Tempe and Downtown, East and West) be consolidated into a single budget unit.

NAU President Cheng Presents University Operational and Financial Review Report

Northern Arizona University President Rita Cheng presented the [operational and financial review](#) (OFR) report for NAU following a year-long revamp of the board’s OFR process to include digital, interactive data tools available to the regents, the universities and the public.

Included in Dr. Cheng’s report was a review of NAU’s mission; academic, business and strategic initiatives; current performance levels; financial model; key priorities, partnerships and opportunities; and strengths and weaknesses.

The OFR is critical to the enterprise mission and enables the university system’s focus on planning, accountability and transparency, and student success. The in-depth nature of the review provides

regents with a clear understanding of the details and progress of each university against the goals assigned in the ABOR strategic plan, and informs enterprise decision-making.

NAU's OFR report will be followed up by the University of Arizona's OFR in November.