# delivering results. By virtually every measure, these institutions of higher learning are improving. Graduation rates are up. So is student success and preparedness. Diversity of Arizona-based freshmen continues to rise and set records.

**DELIVERING RESULTS** 

This year also reflected the board's multi-year effort to slow tuition increases and improve predictability for students and families. Since 2008, full-time equivalent student educational revenues and expenditures are increasing at less than the rate of inflation. Apart from driving down tuition increases, costs have been trimmed and stabilized. Today, the universities rank among the most cost-effective. That hard work means students have lower than average debt, and nearly half graduate with no debt at all. In fact, Arizona is ranked fourth nationally among low-debt states. High-quality degrees are competitively priced, and cost per student at Arizona's public universities is nearly 30 percent less than at peer

Today, Arizona's public universities are positioned for long-term sustainability and competitiveness. At a time when colleges in other states are

experiencing shrinking enrollment, Arizona State University, Northern Arizona University and the University of Arizona are healthy and growing -

institutions. The positive impact of public higher education in Arizona is greater than ever before. While the board and universities are on the right track, there is more work to do, including further reforms to tuition and fees, defining new degree options, strengthening oversight of university real estate development and more. On behalf of Arizona, the board continues to work diligently to expand access to Arizona's world-class public university system and high-quality degrees – delivering results for students, the state and the world.

**ENTERPRISE PERFORMANCE** 

# TO BACHELOR'S DEGREES RESEARCH EXPENDITURES

7,546

**COMMUNITY COLLEGE** 

**ENROLLMENT** 

11,173 **GRADUATE DEGREES AWARDED** 

\$1.2 B

IN TOTAL

145,457 **UNDERGRADUATE ENROLLMENT** 

\* Most recent data available

- 29,298 61.9% BACHELOR'S DEGREES SIX-YEAR
- **GRADUATION RATE AWARDED** 179,102 33,645 584

INVENTION

**DISCLOSURES** 

82.6%

**FRESHMEN** 

RETENTION

205

**LICENSES** 

AND OPTIONS

16,814

**DEGREES IN** 

**HIGH-DEMAND FIELDS** 

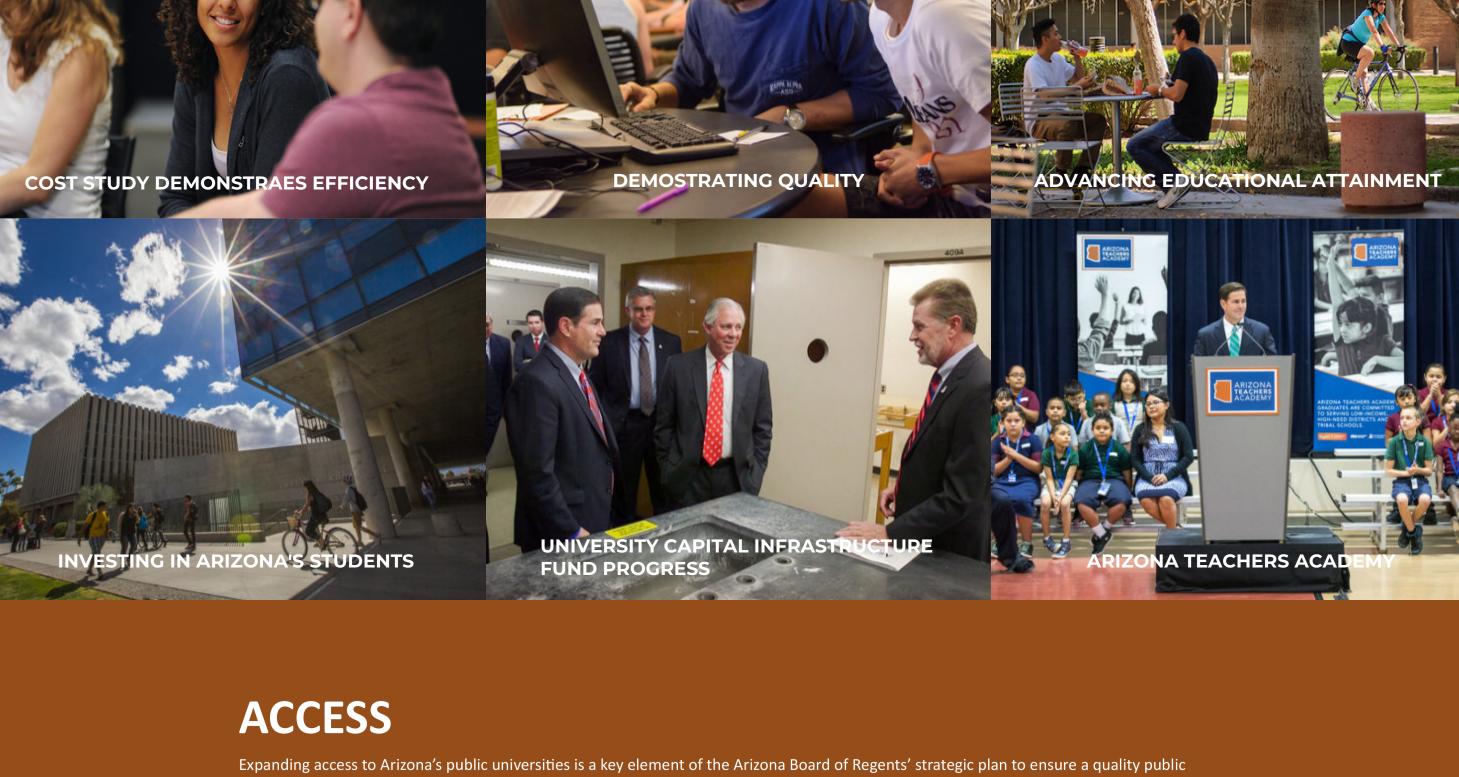
GRADUATE

**ENROLLMENT** 

GOAL 1 – EDUCATE **GOAL 3 – DISCOVER** GOAL 4 - IMPACT **GOAL 2 – ACHIEVE** 

RESPONDING TO ARIZONA'S NEEDS Arizona's public university system focuses squarely on the success of resident students through an innovative funding model and impacts the state through initiatives such as the Arizona Teachers Academy, created after Gov. Doug Ducey called on the board and universities to formulate a plan to bring more teachers to the state's classrooms. Coupled with efforts such as Achieve60AZ to raise educational attainment in Arizona and focused on maintaining the highest standards of quality in general education, the enterprise is responding to Arizona's needs – leading to a

better tomorrow filled with opportunities for learning, discovery, exploration and economic development in Arizona.



**COLLEGE READINESS** 

strategies designed to ensure their success.

FORDABILITY AN

D PREDICTABILITY

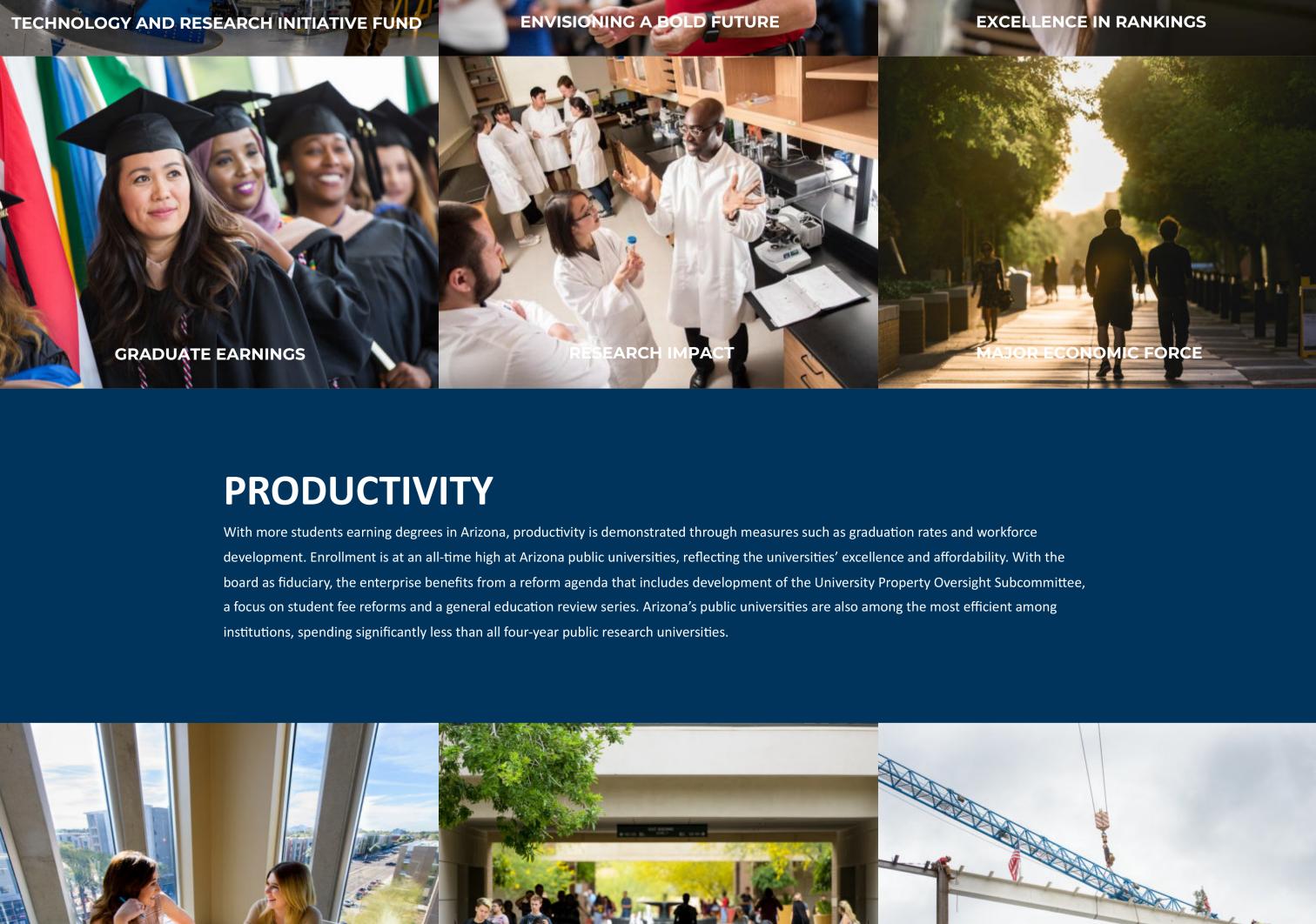
PATHWAYS TO SUCCESS

university education is available to all qualified students. In fiscal year 2017-18, the board and universities continued their commitment to

lower in Arizona. Coupled with pathways programs from community colleges to Arizona's public universities, students benefit from these

minimal tuition increases to provide predictability for educational costs while retaining strong financial aid strategies that help keep student debt





informal JITION AND



27.7%

ARIZONA ADULTS WITH

**BACHELOR'S DEGREES** 

44.7%

COST OF ATTENDANCE AS

**PERCENT** 

OF ARIZONA MEDIAN INCOME

\* Most recent data available

WHO WE ARE

**CELEBRATING 40 YEARS OF STUDENT REGENTS** 

**FAST FACTS** 

28,452

ONLINE

**ENROLLMENT** 

\$29 M

INDUSTRY FINANCED

RESEARCH EXPENDITURES

10,835

ARIZONA COMMUNITY

**COLLEGE TRANSFERS** 

\$527 M

FEDERALLY FINANCED

RESEARCH EXPENDITURES

IN THE COMMUNITY

SHARING BOARD AND UNIVERSITY NEWS

4,662

ONLINE

**DEGREES** 

33

STARTUP

**COMPANIES** 

\$707.5 M \$5.2 B 36,084 46.7 TOTAL INSTITUTIONAL AID TOTAL **MILLION SQUARE** FY 2018 **EMPLOYEES FOR STUDENTS BUDGET** FEET

The Arizona Board of Regents is comprised of 12 regents. Eight volunteer members are appointed by the governor to staggered eight-year terms. Two students serve on the board for two-year appointments, with the first year as a non-voting apprentice year. The governor and superintendent of public instruction serve as ex-officio members with full voting rights. The executive leadership team is comprised of the board's president and the three university presidents.









# COST STUDY DEMONSTRATES EFFICIENCY

A thorough **cost study** conducted and verified by an independent third party demonstrates that compared to public university peers, Arizona's public universities graduate a higher percentage of students at a lower cost.

The recent cost study determined that in fiscal year 2016, Arizona's public universities cost per student (\$16,813) was lower than the aggregated national average of four-year public institutions, including both research and non-research universities.

Systemwide, Arizona public universities are spending about \$800 per student less today in real dollars than the institutions spent in fiscal year 2008. Current state support for Arizona resident students, is approximately \$5,630 per student. Based on this data, to attain the goals in the **resident student funding model**, state investment in resident students would need to increase to \$7,898 per student.

Key takeaways from the study include:

- During fiscal year 2016, on average, Arizona's public universities spent \$16,813 per student. This cost is based on nationally established financial reporting standards and audited financial information.
- ABOR engaged Grant Thornton, a national accounting firm, to independently verify the presented information and provide comparisons with peer universities.
- Grant Thornton found Arizona public universities' use of the data is correct.
- Grant Thornton also determined Arizona's public universities cost per student is lower than the aggregated national average of four-year public institutions – an average that includes both research and non-research universities.
- After adjustments for inflation, fiscal year 2016 per student expenditures were \$838 less than per student
  expenditures in fiscal year 2008.



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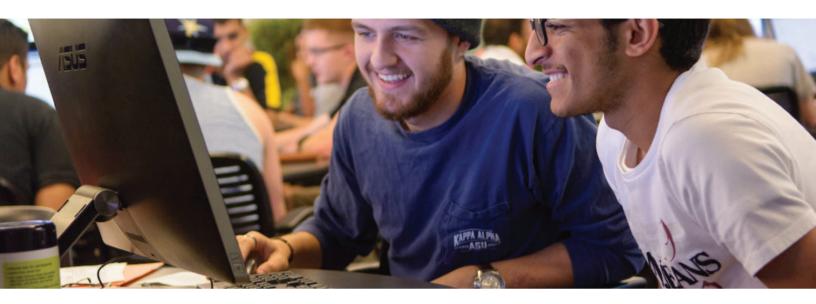












# **DEMONSTRATING QUALITY**

Ensuring students receive a quality degree with lasting value is the focus of the board's ongoing and in-depth review of general education at Arizona's public universities.

Ensuring quality in general education is a large-scale process that encompasses and includes the board, university presidents, provosts, administrators, faculty department heads, deans and students who all engage in the assessment of courses and programs in the general education curriculum. This year, the board and universities have discussed potential updates to the general education curriculum, using analytics as a tool to identify issues, transfer student experiences, adaptive courseware and learning platforms.

Ensuring quality in a rapidly changing higher education marketplace is a board priority. Each of these factors highlight the need to demonstrate how universities ensure that general education meets quality markers adopted in the board's strategic plan and contributes to student success at Arizona's public universities. The board's ongoing quality review will address academic program review processes and reporting, post-tenure review and continued analysis of general education curriculum.



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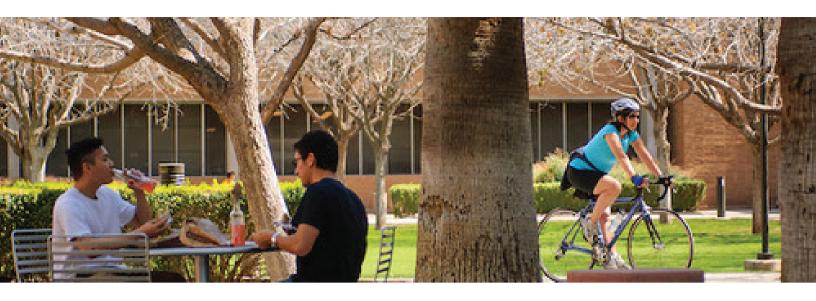










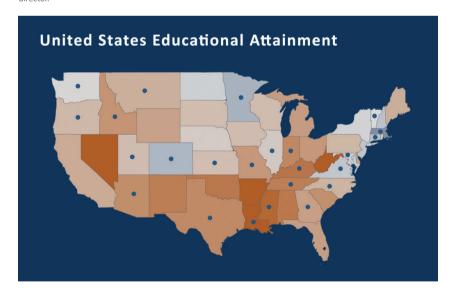


# **ADVANCING EDUCATIONAL ATTAINMENT**

This year, the board delivered a first-of-its-kind national educational attainment map that will help inform education and policy leaders in Arizona and throughout the nation about opportunities and challenges in advancing attainment.

The U.S. map shows attainment data by state and type of credential – degree, certificate, license, etc. as well as which states have set an attainment goal. Making use of publicly available data via the American Community Survey and Current Population Survey, the map provides accurate estimates of the number and percentage of people in all 50 states with bachelor's, associate, graduate and professional degrees, as well as certifications and professional licenses.

Research shows that a more educated workforce, with degrees and credentials, is a critical indicator of a state's economic health and long-term viability. The board continues to participate in Achieve60AZ, a community-based alliance that is raising support to help Arizona reach a goal of 60 percent of adults with a professional certificate or college degree by 2030. It's projected that reaching the 60 percent attainment goal will increase tax revenues to the state by \$3.5 billion annually; improve business recruitment efforts by providing a better workforce for employers; increase per capita earnings; and reduce poverty among Arizonans. In December, Rachel Yanof was hired as Achieve60AZ's executive director.





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#### **INVESTING IN ARIZONA'S STUDENTS**

The first job of the Arizona Board of Regents is to help ensure Arizona students and families have access to an affordable, quality higher education at our public universities. The board applauds Governor Doug Ducey and legislators for delivering a state budget that makes important investments in public higher education.

The state budget continues to support the board's resident-student funding model, which will help increase access and affordability. A strong system of public higher education cannot exist without an equally strong K-12 system. The future of university students - and their success at Arizona State University, Northern Arizona University and the University of Arizona – will depend in large measure on their preparation within the K-12 system. The board recognizes and appreciates that K-12 education was the central focus of this budget package.

Realizing that the state has an interest in educating Arizona's resident students for the future when the majority of jobs in the state will require education past high school, the board's funding model proposes a multi-year goal of splitting the cost of educating resident students with the state. The Arizona Board of Regents student funding model directs state dollars toward Arizona's resident students and has proposed the model to provide financial stability and allow the universities to make multi-year tuition plans. As recently as 2008, the state funded approximately 72 percent of the cost to educate resident students. Current state funding is about 34 percent. Every dollar that the board receives from the state helps keep costs down for students and families.



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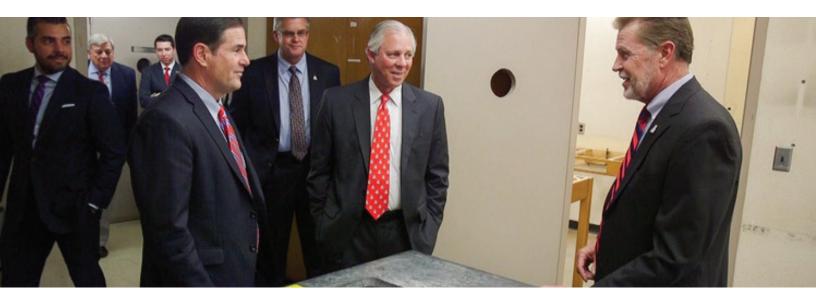












### UNIVERSITY CAPITAL INFRASTRUCTURE **FUND PROGRESS**

With approval of several projects, the universities are enabled to build the next generation of teaching infrastructure for future generations of students while advancing research and addressing renovation needs for existing facilities through the University Capital Infrastructure Fund.

Projects that received necessary approvals for construction are the Hayden Library reinvention at Arizona State University at a cost of \$35 million, the Science Annex renovation (\$9 million) at Northern Arizona University and Building 90 (\$18 million) in deferred maintenance at the University of Arizona.

Enabling new projects for teaching and research while renovating existing structures will enable student success and accommodate increasing enrollment at the universities. Of projects identified by the universities, \$701 are in the ABOR process of review while \$62 million has received all necessary approval from the board and the Joint Committee on Capital Review to begin construction. Projects totaling \$282 million are anticipated to begin construction in 2018 and projects totaling \$419 million are slated for construction in 2019.

Anticipated projects for 2018-19 include:

#### Arizona State University:

- Interdisciplinary Science & Technology Building 7 \$175 million
- Health Solutions Innovation Center \$80 million
- Hayden Library reinvention \$35 million
- Durham Language and Literature renovation \$45 million
- Deferred maintenance \$120 million

#### Northern Arizona University:

- Science Annex (Building 20) renovation \$9 million
- Multi-Disciplinary STEM Academy/Research Building \$139 million
- Physical Sciences (Building 19) renovation \$33 million
- Biological Sciences (Building 21) renovation \$57 million
- Deferred maintenance \$4 million

#### University of Arizona:

- Interdisciplinary Research Innovation Building 1 \$100 million
- Interdisciplinary Research Innovation Building 2 \$100 million
- Building 90 (Animal and Comparative Biomedical Sciences Building deferred maintenance) \$18 million
- Deferred maintenance \$182 million

The University Capital Infrastructure Fund represents the state's largest investment in Arizona's public universities in a generation. Without a doubt, this funding will make Arizona's universities even more dynamic as centers of learning, discovery and economic development.

Note: Amounts for projects are subject to change and projects may be modified, eliminated or added to align with available funding from the program.







#### ARIZONA TEACHERS ACADEMY

In his 2017 State of the State Address, Governor Doug Ducey called on the Board of Regents, Arizona's public universities and community colleges to create a plan to prepare the next generation of Arizona public school teachers.

Arizona's three public universities reallocated resources, prioritized funding and utilized existing programs and scholarship funds to develop an academy that could address the state's need for a prepared education workforce and provide a tuition waiver to teacher candidates who commit to teaching in Arizona.

The academy provides a rich educational experience delivered through bachelor's, master's and non-degree certification programs to meet the needs of traditional students and adult career changers and allowing individuals to participate at any point in their educational career from undergraduate to returning professionals. Graduates who commit to serving Arizona schools receive year-for-year tuition reduction, allowing students to graduate free from tuition and with low-tono costs for their education.

The program provides demonstrable impacts on student outcomes, quality of instruction and teacher retention that meet the needs of the 21st-century classroom. In its first year, the academy enrolled 221 students across the state. Of the students enrolled, 102 completed a program of study after just one year in the academy and preliminary reports indicate 61 had accepted teaching positions in Arizona classrooms as of May 2018.

The availability of the academy has driven increased interest in teacher preparation programs with the universities reporting heightened community interest and applications to the academy outpacing available waivers. The academy is under continuous development by the board and the universities in collaboration with community colleges and public school partners.



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#### **COLLEGE READINESS**

Arizona's public universities recorded an increase in the number of Arizona high school graduates enrolling in 2016, according to the **High School Report Card** with approximately 14,200 students enrolling in the universities following their senior year.

Enrollment of Arizona high school students at Arizona's public universities reflects a 72 percent increase since the 1999-2000 academic year. Academic preparedness for this class was down slightly with approximately 87 percent of students admitted without academic deficiencies compared to 88 percent admitted in fall 2015 and 80 percent in fall 2011.

In English proficiency, the majority of Arizona's high school students enrolled in first year English (69 percent) with an average grade of 3.3. Approximately 22 percent of students took advanced English with an average grade of 3.6.

More students in first-year math took calculus than college algebra or other math courses. Approximately equal numbers of students took college algebra, calculus and other math classes. The average grade in calculus was 2.7 (up from 2.6 last year) and 2.7 for college algebra (improved from 2.4).

The Arizona High School Report Card is prepared annually by the board to empower student success and learning, advance educational attainment within Arizona and positively impact the state. These report cards are designed for and distributed to Arizona's high schools to help ensure that their graduates are ready for success in postsecondary education.



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### **TUITION AFFORDABILITY AND PREDICTABILITY**

A commitment to minimize tuition increases continues during the latest tuition setting cycle, reflecting a multi-year effort by the board and universities to slow increases and improve predictability.

For the 2018-19 academic year, Arizona resident undergraduate students at Arizona State University will see no tuition increase. Continuing Arizona resident undergraduate students at Northern Arizona University and the University of Arizona will see a zero increase, with slight increases for incoming resident freshmen of 3.5 percent and 2 percent respectively for NAU and UA.

Keeping college affordable and attainable is at the forefront of the Arizona Board of Regent's strategic plan. With tuition guarantees and pledges at the universities, students and families can plan for the costs of college.

In addition, the Arizona Board of Regents student funding model directs state dollars toward Arizona's resident students and has set a multi-year goal to split the cost to educate resident students with the state, providing financial stability and allowing the universities to make multi-year tuition plans.

#### **UNDERGRADUATE TUITION AND MANDATORY FEES**

2012-2013 2017-2018 **ASU** \$9,720 \$10,822 NAU \$9,271 \$11,564 UA \$10,035 \$12,447



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### **PATHWAYS TO SUCCESS**

Pathways programs provide certainty for students who transfer to Arizona's public universities from community colleges through seamless transfer of course credits. Pathways programs in Arizona enhance student success through approximately 1,200 of these programs.

During the 2016-17 academic year, 10,853 students transferred from Arizona community colleges to Arizona's public universities – a 10.9 percent increase over the past five years. Approximately 50 percent of new transfer students graduate with a bachelor's degree within three years of transferring while an additional 20 percent graduate in the next three years.

As part of its strategic plan, the Arizona Board of Regents measures growth in undergraduate degrees that are awarded in four years to Arizona community college transfer students.



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### **WICHE**

Arizona students continue to benefit from Western Interstate Commission for Higher Education (WICHE) exchange programs. After undergoing an extensive sunset review of WICHE, Arizona legislators voted to continue this successful program. In FY 2017-18, Arizona students who studied out of state saved \$18.2 million through WICHE student exchange programs.

Arizona is the largest supporting state in WICHE's Professional Student Exchange Program (PSEP). During the 2017-18 academic year, 166 students paid reduced tuition for healthcare studies not offered by public institutions in their home state, saving nearly \$4 million. As a result, 77 percent of Arizona's PSEP graduates returned home to practice. Students are contractually required to return and provide service, or reimburse the funds paid on their behalf. High-demand careers that are launched through WICHE programs for Arizona residents include pharmacists, dentists, nurses, physician assistants, engineers and podiatrists.

Arizona's educational institutions and local economies benefit from PSEP as well. This year alone, 137 PSEP students enrolled in public and private programs located in Arizona, and the institutions received \$2.8 million in support fees from other WICHE states to reduce the students' tuition costs.

Ensuring the continuation of WICHE as another tool to provide an affordable access to higher education is critical, not only for the benefit of students, but for the good of the state.

View the WICHE 2017 Annual Report here.



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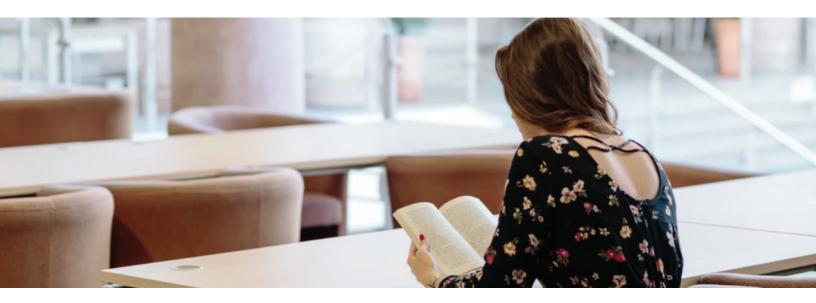












# FINANCIAL AID REPORT INDICATES LOWER DEBT, INCREASED ACCESS

Increasing access to financial aid for students has led to record enrollment, retention, graduation and diversity at Arizona's public universities. Debt upon graduation for students with financial aid remains low compared to other public universities, and the Arizona Board of Regents remains committed to keeping Arizona's public universities affordable and accessible.

The board's **2017 Financial Aid Report** reflects substantial enrollment increases in both resident and non-resident students in an era where many public university systems are seeing little to no growth or are facing declining enrollments. ABOR is actively working to increase the number of Arizonans who pursue and complete a university education, and access to financial aid remains integral to that goal, particularly as the vast majority of students attending Arizona's public universities rely on financial aid to help fund their education.

In Arizona, debt upon graduation for students with financial aid remains low compared to other public universities. Approximately 42 percent of Arizona public university undergraduate students graduate with no debt.

The amount of debt incurred at Arizona's public universities for an undergraduate degree continues to stay below the national average. In fiscal year 2017, Arizona public university graduates average student loan debt was \$23,844 as compared to the national average of \$30,100 in 2015 (the last year for which data was available).

Loan default rates from undergraduates entering repayment in 2014 – the last year data was available – are the lowest among higher education institutions within Arizona and also fell below the national average. Arizona is also considered a low-debt state according to "Student Debt and the Class of 2016," a report by the Institute for College Access & Success that ranks Arizona fourth among low-debt states in the nation.

With limited state investment in financial aid for resident students, Arizona's financial aid model is heavily reliant on the revenue generated from tuition and mandatory fees from non-resident students. Arizona's public universities have been successful in increasing new student enrollment from non-resident students at a time when the vast majority of the nation's public universities have not experienced enrollment growth. This report underscores the fact that Arizona's students and families need the state as a long-term partner to ensure affordable access to the universities.



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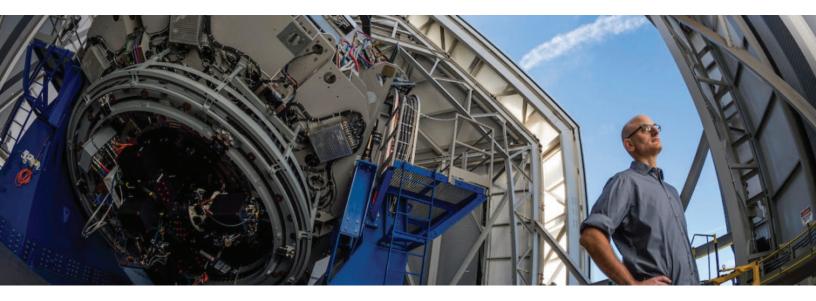












### **TECHNOLOGY AND RESEARCH INITIATIVE FUND**

Arizona's Legislature extended Proposition 301 for 20 years, providing a steady stream of funds through state sales tax dollars to K-12, community colleges and Arizona's public universities Technology and Research Initiative Fund. Voters initially passed the measure in 2000.

Prop. 301 provides critical funding for TRIF projects that are focused on research and workforce development in Arizona. Areas that are advanced through TRIF projects include improvements in healthcare; water, environmental and energy solutions; advancements in national security systems; space exploration and optical solutions; and higher education access for workforce development.

In the past year, TRIF-funded initiatives include efforts to develop a treatment for Ebola, awarding a new patent for an assay that significantly reduces the time needed to diagnose and treat Valley Fever and creating a substitute for concrete. This year, 39 new startup companies were founded based on technology from TRIF-supported research and 48 new patents were issued.

The Technology and Research Initiative Fund directly impacts Arizona's economic development through cutting-edge research and innovation, creating a foundation for research and entrepreneurship that benefits Arizona and its citizens.



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#### **ENVISIONING A BOLD FUTURE**

After an extensive search by the board, the University of Arizona's 22nd President, Robert C. Robbins, M.D., took office on June 1, 2017.

Among accomplishments of President Robbins' first year are a \$30 million endowment from Edward P. Bass to enable Biosphere 2 to address critical questions in food, water and energy security; meeting federal criteria as a Hispanic Serving Institution; UA and Banner Health receiving the largest National Institutes of Health award in Arizona history for the All of Us Research Program; and making strategic hires to elevate health sciences and the university's brand with the appointments of Michael Dake as senior vice president of Health Sciences and Steve Moore as senior vice president of Marketing and Communications.

President Robbins has committed the UA to a new strategic plan and a broad and inclusive planning process. He has initiated the development of the comprehensive and measurable plan, driven by the UA's core values, its unique location in Arizona, by strengths, and by opportunities for differentiation from other institutions in the Southwest. President Robbins cites the UA's standing as a top-tier research university and strengths in the arts and humanities, science and technology, interdisciplinary study and student engagement as building blocks for the university's next phase.

Outlined in the UA's **Operational and Financial Review**, the UA is engaging key stakeholders and offering opportunities for indirect engagement regarding the new strategic plan. Through President Robbins' leadership, discussions regarding the plan include faculty, students, administrative leadership, parents, alumni, employers and community members.

 $President\ Robbins\ has\ committed\ to\ delivering\ the\ strategic\ plan\ to\ the\ board\ in\ November\ 2018.$ 



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### **EXCELLENCE IN RANKINGS**

Arizona's three public universities consistently are included in prestigious rankings for outstanding achievements, quality programs and innovations that define the institutions' excellence. Examples of university honors include:

#### Arizona State University

- Named most innovative school for third straight year by U.S. News & World Report
- No. 17 in the world in patents by the U.S. National Academy of Inventors and the Intellectual Property Owners
- Top 1 percent of the world's prestigious universities, according to Times Higher Education

#### Northern Arizona University

- · American Association of State Colleges and Universities award for excellence and innovation in regional and economic development
- . No. 2 in the nation for master's degrees awarded to Native Americans by Diverse Issues in Higher Education
- . No. 3 top college town by the American Institute for Economic Research

#### University of Arizona

- . No. 34 in the U.S., No. 52 and in the top 1 percent worldwide by the Center for World University Rankings
- Ranked No. 124 overall by U.S. News & World Report and No. 58 among public universities
- No. 5 in NASA funding according to the National Science Foundation



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#### **GRADUATE EARNINGS**

Demonstrating the tangible benefits of a college education in Arizona, the board's 2017 Wages of Graduates Report shows the value of earning a degree.

Arizonans with an undergraduate degree earn a median wage that is \$22,771 more than individuals with a high-school diploma. The contrast is even stronger among those with an Arizona graduate degree with median annual earnings that are approximately \$34,000 more than those with no college education.

The median annual earnings for an Arizonan with a graduate degree were \$62,034, while bachelor's holders saw median earnings of \$50,479. Conversely, Arizonans with some college, but no degree, had median earnings of \$34,251. Those with a high-school diploma had median annual earnings of \$27,708, a decrease from 2015 when high school graduates earned \$27,947.

In 2007, an Arizonan with a bachelor's degree earned a median wage that is 70 percent more than someone with a highschool diploma. The difference has now increased to 82 percent, according to the 2017 report.

Arizona's public university enterprise recognizes the importance of earning a higher education degree for individuals and the value it brings to the state's growing economy, especially for the future when two-thirds of jobs in Arizona will require education past high school.



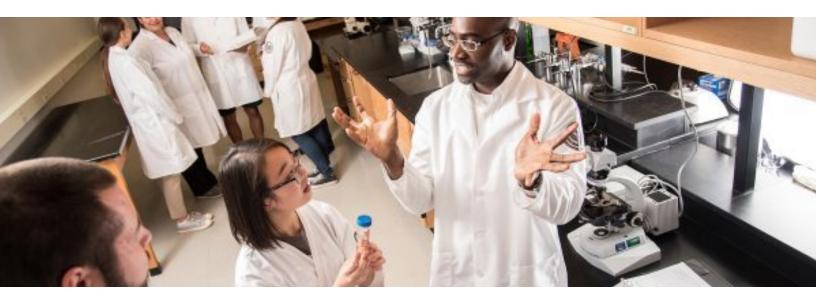
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#### RESEARCH IMPACT

At Arizona's public universities, faculty and students work together to revolutionize next-generation discoveries and accelerate solutions to global problems. This is research with real impact - focused on creating knowledge that translates to solutions for Arizona and around the globe.

Research at Arizona's public universities infused more than \$1.2 billion into Arizona's economy in 2017, drawing the enterprise closer to the board's strategic goal of \$1.6 billion by 2025. This aggressive goal significantly impacts Arizona's economy, competitiveness and growth. It also helps attract more businesses to Arizona and impacts the tax base for the state.

To ensure the continued growth of the research enterprise at Arizona's public universities, the Arizona Board of Regents has set aggressive goals as part of its strategic plan. Increases in research activity, invention disclosures, and licenses and options translate to important benefits for Arizona and the world around us.

Arizona citizens can be proud that the research enterprise continues to grow. Research activity across Arizona's public universities surpassed this year's goal of \$1,167,320 by nearly four percent, generating \$1,214,320 in expenditures. Northern Arizona University surpassed its goal for invention disclosures by 41 percent and collectively, Arizona State University and the University of Arizona surpassed the targeted goals for executed licenses and options by nearly 21 percent.



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#### **MAJOR ECONOMIC FORCE**

Arizona's public universities are foundational to the state's economy, producing highly qualified workers, creating thousands of jobs each year and spurring new discoveries and startup companies through the research enterprise at the universities.

Arizona's public universities play a critical role in developing Arizona's workforce and the enterprise system of governance as well as the board's strategic plan are foundational to this work, leading to new knowledge creation and record-breaking results in terms of undergraduate diplomas issued and research grants as well as improvements in key measures such as student retention and graduation rates.

The board is undertaking a full-scale economic impact study to capture the broad impact of the universities on the economic vitality of Arizona with results expected in the next six months. According to data from 2015, Arizona public universities brought \$11.1 billion into the state in 2015 along with 102,000 jobs. Economic impact captures not just the direct spending of the universities, staff, students and visitors, but also the indirect and induced effect of those expenditures on the local economy. This data does not account for every possible economic impact such as multiple spin-off businesses created by faculty, staff and students through their own efforts or as a result of university research.

In fulfilling their research, education and service missions, these institutions of higher learning fuel economic growth for the state and drive innovation.



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#### STUDENT SUCCESS FOCUS OF AUDIT

The Arizona Auditor General undertook a review of student success at Arizona's public universities last year, finding that the board and universities have established goals and appropriate strategies for improving student retention and graduation rates.

The audit also concluded the Arizona Board of Regents has worked with the universities to establish student retention and graduation goals for each university to meet by 2025, and all three universities have developed multiple strategies that may help them achieve these goals by addressing common obstacles students face to staying in school and graduating in a timely manner.

The board appreciates the Auditor General's focus on student success. Arizona and the country face a rapidly changing economy in which an educated workforce is increasingly important to growth, as nearly two-thirds of all jobs now demand education beyond a high school diploma. For individuals, higher levels of educational attainment and skills acquisition are essential for employment mobility. Those market factors, along with changing demographics, mean that it's essential to learn new ways to make more students from different diverse backgrounds successful, so that they – and the state – can be competitive.

Starting in 2013, the board added student success as a statewide objective and the board's overarching **strategic plan** includes student success measures and targets for the universities. As part of a year-long focus on quality, quality markers were established to ensure course offerings at Arizona public universities represent the level of excellence students expect. A quality matrix has been established at each university and the enterprise is examining general education offerings, the skills and knowledge delivered in these programs and how student gains are verified. In addition, university performance is measured annually through the board's extensive operational and financial reviews.

The board recognizes students as shareholders of the universities. With that mindset, the board has more directly involved students in its work. For example:

- The board has directly taken on a primary concern of students affordability by increasing the predictability and
  stability of tuition setting and even more importantly, slowing the rate of tuition increases. Through effective use of
  financial aid, tuition rates have remained competitive with peers while student debt is lower than in many other
  states.
- The board has also prioritized students in its requests for state appropriations. The new funding model more aptly
  represents the public-private nature of higher education by asking that state monies be dedicated to help defray the
  costs of education for Arizona resident students.
- Likewise, student safety remains a top concern, and a statewide task force led to the enhancement of student safety
  and wellbeing on and off campus. The board also has increased student engagement and involvement in board and
  university processes to ensure the student voice is heard in key decisions.
- The board continues to provide statewide, system-level vision, guidance and support for significant policy and legal
  issues that impact student success. During the past three years, the board has increased pathways, developed new
  delivery models and implemented new tuition policies to increase access to higher education across Arizona.

The board continues to monitor university performance through its metrics to ensure student success. Financial aid is a key factor of student success and the board is piloting new approaches to financial aid to advance access.

Reforms reflect and reinforce ABOR's continued commitment to keeping an Arizona university education as affordable and accessible as possible.







#### TUITION AND FEE REFORMS

Reflecting the Arizona Board of Regents mission and commitment to ensure greater accessibility and affordability for Arizona students, the board continues its reform agenda regarding tuition and fee setting at Arizona's public universities through reforms to update fee development processes and policies to provide appropriate oversight over fees within the university enterprise.

The board is utilizing a multi-phase process to implement reforms such as: outlining the purpose and expected benefits to students from fees; delineating expenditures from revenue, including any administrative/overhead charges; process followed regarding student input on program fees and differential tuition; and the context for the proposed fee in relation to other fees or charges that may be part of a program or other classes. Future reforms may include providing a clearer definition of allowable fees and charges in board policy and establishing a sunset review of fees.

Tuition and fee reforms reflect and reinforce the board's continued commitment to keeping an Arizona university education as affordable and accessible as possible – for as many students as possible. These significant reforms will vastly improve transparency, simplicity and predictability within the fee setting process.



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# STRENGTHENING UNIVERSITY PROPERTY OVERSIGHT

With development activity on university owned property expanding, a new University Property Oversight Subcommittee was formed to oversee and refine the board's role as fiduciary for property assets. The subcommittee is charged with policy reform of university property management for Arizona's public university system, as well as long-term strategies and oversight.

Development of university owned land represents an increasingly critical component in advancing academic missions of the universities and a diversified revenue stream as the institutions seek entrepreneurial ways to fund the universities in an era of reduced state investment. Reviewing existing policies in areas such as long-term planning, transaction approvals and land acquisitions through gifts or purchases are among the subcommittee's areas of focus.

The impetus for the establishment of the subcommittee stems from ABOR policies that provide a clear and robust protocol for reviewing and approving on-campus land development related to academic, research and other core university activities, yet policy does not fully address off-campus development or private on-campus development. A deep review by the subcommittee of policies and development of a policy to account for increased reporting, documentation, review and oversight of real estate development will ensure best practices as the university enterprise continues to grow.



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## INCREASING TRANSPARENCY THROUGH **OPERATIONAL AND FINANCIAL REVIEWS**

As part of its focus on accountability and transparency, the Arizona Board of Regents conducts an annual comprehensive review of the operations and finances of each university. The Operational and Financial Review (OFR) is critical to the enterprise mission and enables the university system's focus on planning and student success.

The OFR shares each universities' achievements and challenges in key measures such as enrollment growth, retention, graduation rates and more. These in-depth reports provide the board with a clear understanding of the details and progress of each university against the goals outlined in ABOR's strategic plan.

Highlights from each institution's OFR include:

- · Arizona State University increased its performance in board metric categories for enrollment, degrees awarded, student success and research, and in most cases, performance exceeded the metric targets.
- · Northern Arizona University has generated significant momentum in research measures and continues steady progress for enrollment with considerable growth since 2006 while student success is improving with increases in areas such as degrees awarded and retention.
- The University of Arizona is undergoing a redesign of its strategic plan, bolstering the strengths of the institution in areas such as research and health sciences while building the brand of the university and focusing on students' experiences.

Reviews include a background report, business plan and presentation. OFRs are available here.







# **COLLEGE GOING AND COMPLETION –** AN ENCOURAGING TREND

According to the Arizona Board of Regents' latest college going and completion data, high school students are increasingly enrolling in higher education and completing their degrees once enrolled - an encouraging trend for Arizona.

According to new data presented in an easy-to-use, interactive tool that enables students and families to view high schools' college going and completion rates, the number of students continuing on to postsecondary education has increased 24.5 percent over the last six years.

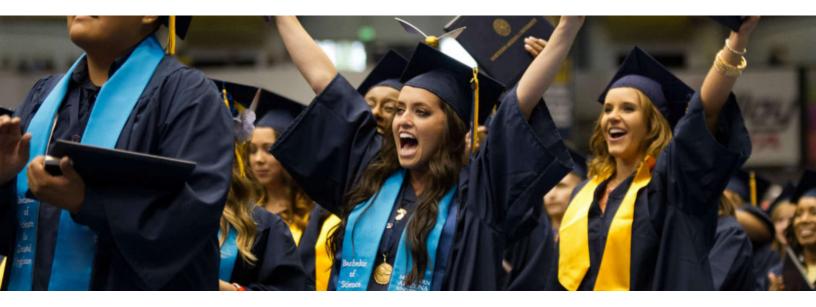
During the same time period, Arizona has seen improvements in college completion numbers, increasing by 37.1 percent from 9,770 students graduating from a four-year postsecondary institution from the 2004- 05 high school graduating class to 13,393 graduating from the 2009-10 high school graduate cohort. From the 2008-09 class (12,971 college graduates) to 2009-10 class, there were an additional 422 students (3.25 percent) who earned degrees from four-year institutions.

There is also a steady increase among college completion rates for ethnic groups from 2005-06 to 2009-10. College completion among Hispanics rose 3.4 percent, a significant increase in Arizona where Hispanic student numbers are growing. Comparatively, Asian college completion rates during the same time period rose 5.7 percent, 2.75 percent for whites, 2.6 percent for African Americans and 2.1 percent for American Indians.

A Google Fusion map of Arizona high schools also reflects college going and completion data for individual high schools across the state.







### **RISING GRADUATION RATES**

For the fifth consecutive year, graduation rates at Arizona public universities are on the rise, leading to an increase in student success throughout the state.

Across the public university enterprise, the graduation rate for 2016-17 was 61.5 percent, compared to 61.2 in 2015-16. The board's college completion goals for the universities is to increase the state-wide graduation rate to 71.5 percent by 2025. These goals are outlined in ABOR's metrics, reflecting the board's strategic goals to increase student success while positively impacting Arizona.



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## **AUDITOR GENERAL EXAMINES STUDENT FEES**

Over the past year, the Arizona Auditor General examined student fees at Arizona's public universities.

Tuition and fee reforms are priorities for the board and have been for the past several years. This pattern of reform and incorporating best practices also applies to fee setting. During recent years, ABOR took several steps to ensure the appropriateness of university fees and to provide students transparency into the fee setting process and fee amounts.

- Including fee amounts in course catalogues;
- Developing and providing online price calculators;
- Reviewing the information required in fee setting applications;
- · Clarifying policy expectations on which fees need ABOR approval;
- · Clarifying fee use requirements;
- · Improving fee revenue tracking mechanisms;
- Strengthening the internal audit function;
- Providing web streaming of public hearings on tuition and fee reform; and
- Developing student boards to review fee proposals.

In addition, ABOR restructured the process it uses to review tuition and fee proposals. As part of this new process, ABOR receives and reviews detailed explanations of fee proposals including budget information and holds a public tuition and fee workshop during which tuition and fee proposals are carefully presented and reviewed.

As a result of these efforts and as noted by the Auditor General, ABOR employs many fee setting and management best practices. The board is currently reviewing new reforms to improve transparency around the tuition and fee-setting process, and to ensure even more cost predictability for students and families. Additional policy reforms may include establishment of a fee sunset-review process; increasing transparency of the universities' fee development process; development of a summary/guide for students detailing the fee setting process and identifying key contact personnel. In 2014, the board rejected proposed policy changes that would have delegated more fee-setting authority to the presidents.

The recommendations from the Auditor General fit well within the board's continued efforts to continuously work to improve fee and tuition setting processes.



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### **ENROLLMENT GROWTH**

Enrollment growth is at an all-time high at Arizona's public universities. According to the 2017 Fall Enrollment Report, total enrollment is at 179,102, which is among the largest one-year increase ever recorded.

Headcount enrollment in the Arizona university system rose 4.3 percent between fall 2016 and fall 2017 with undergraduate enrollment up 4.1 percent and graduate enrollment increasing 4.9 percent.

Overall, Arizona State University reported an increase of 5.5 percent, Northern Arizona University reported a 2.4 percent increase, and the University of Arizona reported a 2.8 percent increase. Over the last five years, headcount and FTE enrollment has grown 24.6 percent and 21 percent respectively.

With more students earning degrees in Arizona, the state's supply of highly qualified workers will continue to expand and contribute to economic vitality while providing prosperity for individuals.



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### **DEGREES AWARDED**

Increasing the number of degrees awarded at Arizona's public universities is an integral part of the board's strategic plan for student success. Considerable growth continues in the number of bachelor's and graduate degrees earned by students. This is a major win for the state of Arizona to improve the skills of the local workforce and expand educational attainment.

Data reflected in the 2016-17 Degrees and Majors Report shows the Arizona university system awarded 29,298 bachelor's degrees and 11,183 graduate degrees - an increase of 6.6 percent in bachelor's degrees and a 1.7 percent increase in graduate degrees compared to last year.

Comparatively, bachelor degree awards have increased 57 percent and the number of graduate degrees by 48 percent from just 10 years ago. The greatest growth in undergraduate and graduate majors are in areas including business and marketing, health professions and related clinical services, and engineering.



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# **CELEBRATING 40 YEARS OF STUDENT REGENTS**

Student regent contributions to the board are essential in providing an important link between the board and students at Arizona's public universities. The contributions of the student regent add the student perspective and give direction toward achieving critical components of the board's enterprise plan. The student regent experience provides university students with an unparalleled opportunity to engage in high-level public service, resulting in leadership development, communications and public relations skills growth and numerous opportunities to engage with state policymakers, leaders and stakeholders. The board appreciates and supports the unique activities of student regents in the context of engagement with students, the board, the Legislature and other stakeholders.

A student regent position was first established as a non-voting board member in 1978 and the student regent was granted voting privileges during the 1989-90 term. A statute passed by the Legislature in 2000 added a second, non-voting student member to the board. Student regents are appointed for two-year terms with the first year served as a non-voting member and the second as a voting student regent. Each standing board committee includes a student regent, and the voting student regent serves as assistant treasurer for the board.

This year, Student Regent Vianney Careaga developed a new handbook for student regents to help them understand roles and responsibilities of a regent and best practices for engagement and participation. Often the only board member who spends every day on a college campus, student regents provide contributions to the board from the important perspective of the student experience at Arizona's public universities. The board appreciates Regent Careaga's vision and passion to help future generations of student regents.



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#### IN THE COMMUNITY

The board has deepened its connection to the community and policymakers, generating a bipartisan coalition of supporters and champions of higher education. The state budget over the past three years has made clear the state's priority to reinvest in the public university system, countering years of debilitating cuts.

Regents, board leadership and staff continuously engage with numerous community, civic and philanthropic leaders to share news and updates as well as challenges and opportunities of Arizona's public universities. Again this year, the majority of the business groups embedded the board's legislative priorities in their agendas. Broadening national awareness, this year board staff held leadership positions at the State Higher Education Executive Officers national association and the National Association of College and University Attorneys. Board leadership presented to a broad range of groups, from the Junior League and alumni associations to the New Mexico Higher Education Summit, which brought leaders from across the country to discuss public higher education.

Arizona's public universities have grown in their "tri-partisanship," working together to support the goals of the enterprise and to serve the needs of the state. With the board's leadership, externally focused engagement has increased, creating greater public awareness regarding the important work of the board and public higher education. The board also increased its engagement internally with faculty, recognizing their essential and fundamental role in student success. Faculty also are represented at board proceedings with a seat at the table and dedicated time on each board agenda. Engagement with student leadership also has increased with regular meetings held to discuss timely issues with student leadership.



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### SHARING BOARD AND UNIVERSITY **NEWS**

The Arizona Board of Regents understand the tremendous trust bestowed upon them as public servants and stewards of the state's public universities. Sharing board and university news and data in a transparent, timely, accurate and thoughtful manner is therefore a priority for the board.

Through media relations, an expanding social and digital media presence, community outreach, blogs and news releases, the board continues to engage with the community and spread the word about the importance and value of public higher education in Arizona. Twitter remains the strongest social platform for the board. With over 5,000 followers, @AZRegents remains one of the most successful Twitter accounts among university governing systems across the country. Last year, the board's Twitter account increased followers by 15 percent and generated 1.25 million total impressions and more than 30,000 page views. Facebook posts yielded more than 705,000 total impressions throughout the year. Facebook remains a strong platform for the board as well and last year, the board added a new Instagram account, which is gaining steady growth. Since its launch in September 2017, the account has 384 followers.

Board leaders also visited with editorial boards for Arizona newspapers to discuss the legislative agenda and provide updates on the public university enterprise. Media exposure increased by 35 percent, and across all platforms, news of collaboration, research, data, board actions, student success and engagement remain top trending items. State budget, inquiries regarding Deferred Action for Childhood Arrivals (DACA), tuition trends and weapons on campus, among other topics, dominated inquiries from the media. The decision from the Superior Court of Arizona to dismiss the Arizona Attorney General's lawsuit against the board also prompted extensive media coverage and inquiries.

The addition of a graphic designer to board staff has resulted in greater brand consistency, enhanced graphic content for social platforms as well as reports, presentations and collateral. A multimedia communications manager brings enhanced video and digital production to the board team to drive messaging and news content as well.



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