

**EDUCATE • DISCOVER • IMPACT**

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

## **Highlights of ABOR Meeting: Chair Shoopman Focus on Attainment, In-depth Review of NAU Operations, Presidents' Contracts, Capital Requests**

Following are news briefs from the Arizona Board of Regents September 2018 board meeting. Full board materials are available [here](#).

### **Chair Shoopman Prioritizes Educational Attainment**

In opening remarks to the board, Chair Ron Shoopman shared his commitment to increasing educational attainment in Arizona. Chair Shoopman emphasized the need to raise awareness of the importance of increasing education past high school as an economic imperative for the state.

"Higher education is one of the most important investments an individual – or our state – can make," Chair Shoopman said. "Study after study confirms this, whether you look at economic measures, such as higher wages and rates of employment, or quality of life, including longer life expectancy and better health. If we don't increase educational attainment in our state, the bottom line is that our economy will underperform."

Chair Shoopman pledged the board's and universities commitment to partnerships and collaboration with business, community, education and non-profit leaders to improve educational attainment.

Chair Shoopman represents a long legacy of leadership in Arizona and throughout the country, including serving as president of the Southern Arizona Leadership Council and as U.S. Air Force General Officer and Wing Commander of the 162nd Fighter Wing, commanding the International F-16 Training Wing.

### **NAU Operational and Financial Review Updates Progress, Outlines Next Year's Work**

Northern Arizona University President Rita Cheng presented a comprehensive operational and financial review to the board that updates the regents on the progress and results achieved at NAU over the past year. Her report also highlighted opportunities to advance student success, access and educational attainment. In her remarks, President Cheng underscored NAU's commitment to working side-by-side with the faculty, staff, students and the community to ensure NAU is built for the future generations of students.

Strategic priorities for NAU include student success with a strong commitment to personalized attention that is integral to success and retention, research and discovery, commitment to Native Americans,

engagement and stewardship. In addition, the university remains committed to providing greater tuition predictability and savings through its NAU Pledge guaranteed tuition program as well as accessible, affordable and quality options for earning a degree throughout Arizona and online.

Chair Shoopman commended President Cheng, offering, “Northern Arizona University is a remarkable institution and integral part of Arizona’s history and economy, and I am optimistic that we will continue to advance and improve. While there will always be challenges ahead, there is no doubt that NAU is a great story of success for Arizona.”

The board conducts an annual comprehensive review of the operations and finances of each university 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 review includes a background report, business plan and an operational and financial review presentation to the board. The report informs the board when making decisions such as setting tuition. More information on NAU’s OFR is available [here](#).

### **Regents Approve Amendments to Contracts for University Presidents**

The board authorized amendments to the [university presidents’ contracts](#) to extend each for an additional year and to approve new at-risk compensation assignments. The board also approved payment of at-risk compensation for assignments that were successfully completed. The presidents did not receive increases to their base salaries. At-risk compensation goals assigned to the presidents by the board reflect the board’s strategic imperatives to increase educational attainment in Arizona, drive student success, create new knowledge and positively impact Arizona.

“The board is tremendously proud of the accomplishments of our presidents and we are confident in their leadership to advance our universities and meet the aggressive goals we have tasked them with achieving,” said Chair Shoopman. “Student success is the priority of the board and the presidents. Presidents Crow, Cheng and Robbins are true champions for Arizona and for our students.”

The contract amendments extended the presidents’ contracts as follows:

- ASU President Michael Crow’s contract was extended through June 30, 2023;
- NAU President Cheng’s contract was extended through June 30, 2021;
- UA President Robert Robbins’ contract was extended through June 30, 2021.

President Crow received an increase to the contribution to his cash balance plan from 18 percent to 21 percent of base salary, effective July 1, 2018.

The Regents Executive Committee and the board review each president’s contract at least annually, and consider at-risk compensation, contract terms, contract extensions and performance.

### **New Report: Enrollment and College Completion Rates Stay Flat, Increasing Educational Attainment Remains an Urgent Priority**

The board released its [2018 College Enrollment and Completion Report](#) that provides a snapshot of the proportion of Arizona high school students who continue to postsecondary education, as well as the percentage who complete a two- or four-year program within six years. The report is an important tool

for policymakers, education leaders and the public to understand college enrollment and completion trends and the educational attainment gaps, challenges and opportunities in Arizona.

“Lack of educational attainment is a limiting factor for many students and communities in the state. This does not forebode well for our state’s economy or for individuals in general who have higher unemployment, lower wages and less quality of life without education past high school,” Shoopman said. “To be successful, all students need to plan for college and career. Their future and Arizona’s economy depends on it.”

Key takeaways from the report include:

- Rates of college attendance and completion remain starkly uneven across ethnic and gender lines.
- In 2017, nearly half – 47.4 percent – of Arizona’s high school graduating class did not enroll in a two- or four-year college after graduation.
- If educational attainment trends stay on their current trajectory, only 17.2 percent of today’s ninth graders will graduate from a four-year college by 2028.
- In 2017, the enrollment rate was 52.6 percent, a rate that has remained static since 2013 and has decreased from 53.5 percent in 2012.
- Hispanic students in Arizona, who represent almost half of the K-12 population, lag across the education system and in postsecondary attainment.
- Among all students graduating from an Arizona high school, 70.4 percent of those who opt to pursue a four-year degree choose to attend one of Arizona’s three public universities.

“The College Enrollment and Completion Report represents a problem statement for Arizona. We need to enhance our communications to students and families to provide information on planning for college and how they can realize this goal through financial aid opportunities and the many resources offered by our universities,” ABOR Executive Director John Arnold said.

### **Enterprise legislative agenda prioritizes student funding model**

Legislative priorities for the upcoming session were approved by the board, including a plan to fully fund the ABOR resident student funding model that recommends the state should ultimately cover 50 percent of resident student’s cost of education, recognizing that both the individual and the public benefit from higher levels of education.

Currently, the state covers 34 percent of a resident student’s education. To reach 50/50, the board recommends phasing in increases in state funding over the next three years with \$87 million in new dollars each year to total \$262 million and split the cost of educating Arizona resident students with the universities.

The Arizona Board of Regents’ funding model enhances and underscores goals for increasing attainment for students in Arizona. The 50 percent share, which is still far below historical funding support, balances the universities’ ability to provide Arizona residents access to quality university education while still requiring students to financially participate in their own education.

Additional priorities this year will focus on ensuring technology transfer operations at the universities remain viable, aligning a licensure bill with university training and current accreditation systems, and

university property and the work of the University Property Oversight Subcommittee.

### **Board Approves Capital Requests**

Additional items that were approved by the board include:

- ASU's request to sign a 99-year lease with the [City of Mesa](#) for 115,000 square feet of academic, research, innovation and office/support space at the northwest corner of Pepper Place and Centennial Way in Mesa.
- NAU's request to [purchase property](#) from Northern Arizona Real Estate Holdings, LLC, for future growth and facility opportunities.
- The University of Arizona's purchase of [residential property](#) on east Drachman Street in Tucson.
- The proposed sale of a [35,484 square foot strip](#) of land on the UA property to the City of Tucson for expansion of the Broadway Boulevard right of way.
- ASU's [amended capital development plan](#) that includes the Novus Place Parking Structure and information technology infrastructure improvements.

### **ASU's Novus Innovation Corridor Annual Report**

ASU submitted its Novus Innovation Corridor annual report to the board. The 330-acre development adjacent to the ASU Tempe campus is planned to incorporate approximately 8 million square feet of urban neighborhoods with office, retail, hospitality and residential activities, creating the potential to bring more than 30,000 new jobs, 5,000 new residents and more than \$350 million in economic impact over the next 20 years.

Report highlights include:

- The Novus development has been rezoned by the City of Tempe to Mixed-Use Educational.
- The terms for a public safety intergovernmental agreement (IGA) for Novus have been negotiated, and an amendment to the existing ASU/City of Tempe Public Safety IGA is being prepared and scheduled for a fall City Council public hearing.
- ASU has dedicated to the City of Tempe several rights of way identified by the city for Novus and area-wide traffic mitigation.
- An ASU and City of Tempe Joint Traffic Study has been completed and was presented to the City Council in 2017.
- ASU and the City of Tempe have agreed to approximate locations of up to four pedestrian bridges on University Drive and Rural Road to help mitigate traffic congestion and pedestrian conflicts in and around the corridor.

### **Board Receives University Property Oversight Subcommittee Report**

The [University Property Oversight Subcommittee](#) submitted a report to the board on its activities, including the status of development of a property governance policy. The board also approved a policy position and principles for university property development.

Highlights from the policy position and principles:

- Property owned by ABOR, on behalf of itself or the public universities under its jurisdiction are assets intended to support the universities in their broad educational and research missions.
- Arizona's public universities must diversify their revenue streams to maintain high quality education and offer innovative research opportunities while minimizing the cost burden on their students.
- Neither ABOR nor the universities shall acquire or lease property as a means solely to abate taxes.
- Commercial development opportunities on university property can play a critical role in advancing the mission of Arizona's public university enterprise, including providing financial support, expanding academic and research opportunities, and enhancing university partnerships.
- Universities should prioritize real estate needs of the academic mission over commercial development.

### **Fiscal Years 2020-2022 Capital Improvement Plans for ASU, NAU and UA**

The board approved [capital improvement plans](#) submitted by the universities for fiscal years 2020-2022 that include:

- The Arizona State University capital improvement plan includes five projects that total \$147 million for the new Thunderbird School of Global Management in Downtown Phoenix, a new parking structure, classroom renovations, building and infrastructure enhancements and modifications, and research laboratories/faculty startup.
- Northern Arizona University's capital improvement plan includes one project totaling \$139 million for the Multi-Discipline STEM Academic/Research building.
- The University of Arizona's plan includes three projects totaling \$104 million for deferred maintenance, the Applied Research Building and the Biomedical Sciences Partnership Building Buildout.

###