“[Failure to] provide young people from all backgrounds and circumstances with the education and skills necessary to become knowledge workers [will] threaten our \textbf{democracy}, our society and the \textbf{economic future} of America.”

\textbf{Eli Broad}, founder, KB Home, SunAmerica
The Eli and Edythe Broad Foundations
In a single generation, the US has fallen from 1st place to 12th place in college graduation for young adults.

College Board July 2010
The unemployment rate for people who have never gone to college is more than double what it is for those who have gone to college.

U.S. Bureau of Labor Statistics July 2010
By the end of the decade, **8 out of 10** new jobs will require post-secondary education.
College tuition costs are increasing across the nation and the socio-economic gap is widening.
We propose a different path for **Arizona**, with tuition lower than the national average...
...and greater **access** to **quality** university education than in the rest of the nation...
to meet the needs of Arizona’s knowledge economy and provide economic security for Arizona families.
1 A COVENANT WITH THE PEOPLE
2 THE UNIVERSITY AS ENTERPRISE
3 GOALS OF THE UNIVERSITY
4 UNITS OF THE ENTERPRISE
5 RECOMMENDATIONS
6 IMPLEMENTATION
7 SUMMARY
1  A COVENANT WITH THE PEOPLE
2  THE UNIVERSITY AS ENTERPRISE
3  GOALS OF THE ENTERPRISE
4  UNITS OF THE ENTERPRISE
5  RECOMMENDATIONS
6  IMPLEMENTATION
7  SUMMARY
A covenant with the people of Arizona

The public universities in Arizona

Focus on:

• Educational attainment through access
• Academic excellence
• Discovery and creativity
• Serving the citizens of AZ

In order to:

Provide broad access to an innovative, world-class university education to all segments of Arizona’s society
## Rapid change leads us to new models

<table>
<thead>
<tr>
<th>AGENCY MODEL</th>
<th>ENTERPRISE MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>19th-20th century</td>
<td>21st century</td>
</tr>
<tr>
<td>Rural to urban</td>
<td>Unique urban/rural</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>New knowledge economy</td>
</tr>
<tr>
<td>Industrial age</td>
<td>Information age</td>
</tr>
<tr>
<td>Process oriented</td>
<td>Outcome oriented</td>
</tr>
<tr>
<td>Heavy government investment</td>
<td>Modest government investment</td>
</tr>
<tr>
<td>Linear change and growth</td>
<td>Exponential change and growth</td>
</tr>
</tbody>
</table>

### Approach

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Focused on producing parts</td>
<td>Focused on solving local and global challenges</td>
</tr>
<tr>
<td>Factory-based</td>
<td>Problem-solving</td>
</tr>
</tbody>
</table>
We need to evolve into a strong enterprise.
3 GOALS OF THE ENTERPRISE
### Arizona higher education profile 2020

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults with bachelor’s degrees in Arizona</td>
<td>25%</td>
<td>29-30%</td>
</tr>
<tr>
<td>Bachelor’s degrees produced annually</td>
<td>21,000</td>
<td>28-36,000</td>
</tr>
<tr>
<td>Freshmen retention</td>
<td>79%</td>
<td>85-90%</td>
</tr>
<tr>
<td>6-year graduation rate</td>
<td>57%</td>
<td>70-75%</td>
</tr>
<tr>
<td>College-going rate (from K-12)</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Community college transfers</td>
<td>9,000</td>
<td>16-24,000</td>
</tr>
<tr>
<td>Community college transfers to earn bachelor’s degrees</td>
<td>6,000</td>
<td>10-15,000</td>
</tr>
<tr>
<td>Undergraduate enrollment</td>
<td>100,000</td>
<td>130-155,000</td>
</tr>
<tr>
<td>Total research expenditures</td>
<td>$900 million</td>
<td>$2 billion</td>
</tr>
</tbody>
</table>
Goals

1. Educational Excellence & Access
2. Research Excellence
3. Workforce & Community
4. Productivity
Goal 1: Educational Excellence & Access

- Number of bachelor’s degrees awarded
- Number of master’s degrees awarded
- Number of Arizona community college students who transfer to a university
- Number of Arizona community college transfer students awarded bachelor’s degrees
- Educational quality as reported in National Survey of Student Engagement (NSSE)
- Actual cost of attendance as a percentage of Arizona median family income
- Graduation rate
- Freshmen retention rate
Goal 2: Research Excellence

• Total research expenditures
• Number of doctoral degrees awarded
• Number of invention disclosures transacted
• Patents issued
• Intellectual property income
• National Research University ranking
Goal 3: Workforce & Community

- Impact of community engagement activities
- Total income and expenditures related to service and engagement activities
- Number of degrees awarded in high demand fields
- Diversity of graduates
- Percentage of degrees awarded in high demand fields
- New companies started
- Milken Institute State Science and Technology ranking
Goal 4: Productivity

- Number of bachelor’s degrees awarded per 100 FTE students
- Composite financial index (CFI)
- Tuition at average of peer institutions
- Online degrees
- Employment index of graduates
- Number of bachelor’s degrees from community college transfers
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7 SUMMARY
## University higher education profile 2020

<table>
<thead>
<tr>
<th>College, online and other enrollment</th>
<th>University campus enrollment</th>
<th>Retention</th>
<th>6-year graduation</th>
<th>Non-medical research</th>
<th>Medical research</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UA</strong> 10,000 (online and learning centers)</td>
<td>40,000</td>
<td>90%</td>
<td>70%</td>
<td>$700 million</td>
<td>$500 million</td>
</tr>
<tr>
<td><strong>ASU</strong> 35,000 (30,000 online + 5,000 Colleges@ASU)</td>
<td>85,000</td>
<td>90%</td>
<td>70%</td>
<td>$700 million</td>
<td>—</td>
</tr>
<tr>
<td><strong>NAU</strong> 13,000 (10,000 online and learning centers + 3,000 regional)</td>
<td>25,000</td>
<td>85%</td>
<td>65%</td>
<td>$100 million</td>
<td>—</td>
</tr>
</tbody>
</table>
1 A COVENANT WITH THE PEOPLE
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Recommendation: Outcome driven

Arizona Higher Education Enterprise

2020 Performance Metrics
- 30% of AZ adults will have bachelor’s degrees
- Total research expenditures will be $2 billion

Outcomes for AZ
- Greater economic prosperity for Arizonans
- Social and economic rewards from research
- Higher paying, more economically diverse jobs for Arizonans
- Improved quality of life for Arizonans

- Council of Presidents as executive committee
- University outcome metrics
- Enterprise outcome metrics
## Recommendation: New compact

<table>
<thead>
<tr>
<th></th>
<th>University as Agency</th>
<th>University as Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus on</strong></td>
<td>Inputs</td>
<td>Outcomes</td>
</tr>
<tr>
<td><strong>Funded for</strong></td>
<td>Student growth</td>
<td>Performance</td>
</tr>
<tr>
<td><strong>Funded by</strong></td>
<td>Government</td>
<td>Private, personal and government investment</td>
</tr>
<tr>
<td><strong>Managed by</strong></td>
<td>Processes</td>
<td>Objectives</td>
</tr>
</tbody>
</table>

- Establish public corporation
- Separate administrative support requirements
- Develop performance-based investment model
Recommendation: Efficiency and effectiveness

- Eliminate underperforming academic programs
- Develop new lower cost tuition programs
- Advance general education curriculum to speed graduation and contain cost
- Leverage business operations to realize cost savings and attain performance
Recommendation: Additional admissions

- Separate accreditation and new standards: NAU-Yuma, NAU-Yavapai, NAU-Extended Learning Centers
- Maintain existing ABOR policy: UA, ASU, NAU-Flagstaff

100,000 enter high school
75,000 graduate high school
24,000 currently college eligible
Recommendation: Tuition and cost of access

- Tuition set at ABOR peers
- Research campuses

- 20% - 50% less than research campuses
  - UASouth
  - Colleges@ASU
  - NAU select campuses

- Set by market; unlimited options

Multiple access points allow lower average tuition costs

• Online and distance
## Recommendation: Financial aid

<table>
<thead>
<tr>
<th>State</th>
<th>College-going low income students</th>
<th>Need-based state financial aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>PA</td>
<td>37.3%</td>
<td>$875.78</td>
</tr>
<tr>
<td>NJ</td>
<td>36.6%</td>
<td>$963.64</td>
</tr>
<tr>
<td>OH</td>
<td>33.7%</td>
<td>$424.79</td>
</tr>
<tr>
<td>IL</td>
<td>23.4%</td>
<td>$761.71</td>
</tr>
<tr>
<td>CA</td>
<td>22.3%</td>
<td>$538.50</td>
</tr>
<tr>
<td>WA</td>
<td>20.3%</td>
<td>$881.17</td>
</tr>
<tr>
<td>AZ</td>
<td>17.4%</td>
<td>$31.16</td>
</tr>
</tbody>
</table>

Pursue statewide financial aid program of $350 million
Recommendation: Privatization

- Develop privatization plans
- Private new residence halls
- Develop partnership models for new research facilities
Recommendation: Economic competitiveness

- Develop research competitiveness to $2 billion annual research expenditures.
- Perform in all indicators of research impact and economic development expenditures at the upper 10% level of universities on a funding level basis.
Recommendation: Graduation performance

- Establish specific enrollment targets for each university
- Carry out a formal performance evaluation for university enrollment and graduation performance on an annual basis
Recommendation: Enterprise administration

- Revise HR policies to enterprise mode
- Establish “cafeteria” benefits
- Centralize functions to enhance efficiency at enterprise level
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Implementation

Arizona Board of Regents

Enterprise Executive Committee

Council of Presidents

Finance Council
Capital Council
Academic Council
IT Council

Planning and Policy for Enterprise Implementation
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Summary: AZ higher education enterprise, 2010 to 2020

- Annual bachelor's: 36,000
- Freshmen retention: 90%
- Adults with bachelor's: 30%
- Research expenditures: $2 billion
- Undergraduate enrollment: 155,000
- 6-year graduation: 75%
- College going: 60%
- College, online & other enrollment: 58,000
- Comm college transfers: 24,000
- Comm college to bachelor's: 15,000
- Freshmen retention: 79%
- Research expenditures: $900 million
- Undergraduate enrollment: 100,000
- 6-year graduation: 57%
- College going: 50%
- Comm college transfers: 9,000
- Comm college to bachelor's: 6,000
- 6-year graduation: 75%
- College going: 57%
- Comm college transfers: 24,000
- Comm college to bachelor's: 15,000

2020 goals are high-end targets
Summary: Arizona State University, 2010 to 2020

- Non-medical research: $700 million
- University campus enrollment: 85,000
- Freshmen retention: 90%
- 6-year graduation: 70%
- College, online & other enrollment: 35,000
- College expenses: $335 million

2020 goals are high-end targets.
Summary: University of Arizona, 2010 to 2020

- Non-medical research: $700 million
- Medical research: $500 million
- University campus enrollment: 40,000
- Freshmen retention: 90%
- 6-year graduation rate: 70%
- Online and other enrollment: 10,000
- Enrollment in 2010:
  - Non-medical research: $125 million
  - Medical research: $440 million
  - University campus enrollment: 39,000
  - Freshmen retention: 58%
  - 6-year graduation rate: 78%

2020 goals are high-end targets.
Summary: Northern Arizona University, 2010 to 2020

- University campus enrollment: 25,000
- University campus enrollment in 2020: 7,700, in 2010: 16,000
- College, online & other enrollment: 18,000
- 6-year graduation: 65%
- Freshmen retention: 85%
- Non-medical research: $100 million
- Non-medical research in 2020: $50 million

2020 goals are high-end targets.
## Summary: Educational attainment

<table>
<thead>
<tr>
<th>2020 Vision</th>
<th>Goals &amp; Recommendations</th>
<th>Metrics</th>
</tr>
</thead>
</table>
| Competitive educational attainment through enhanced access | • Educational excellence  
• Outcome driven higher education enterprise  
• Expanded admissions  
• Enrollment and graduation performance | • Adults with bachelor’s degrees in AZ 30%  
• Bachelor’s degrees produced annually 36,000  
• Undergraduate enrollment 155,000 |
## Summary: Research enterprise

<table>
<thead>
<tr>
<th>2020 Vision</th>
<th>Goals &amp; Recommendations</th>
<th>Metrics</th>
</tr>
</thead>
</table>
| Prominent research enterprise contributes to knowledge economy | • Research excellence  
• University research and economic development performance metrics | • Total research expenditures $2 billion  
• Upper 10% level of comparative universities in: patenting, startups, spin outs, licenses, new companies started, partnerships with businesses, total economic impact |
## Summary: Educated workforce

<table>
<thead>
<tr>
<th>2020 Vision</th>
<th>Goals &amp; Recommendations</th>
<th>Metrics</th>
</tr>
</thead>
</table>
| Educated workforce through enhanced access | • Workforce and community  
• Expanded admissions                       | • Adults with bachelor’s degrees in AZ 30%          |
|                                    |                                                              | • Bachelor’s degrees produced annually 36,000     |
**Summary: Accessible higher education**

<table>
<thead>
<tr>
<th>2020 Vision</th>
<th>Goals &amp; Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessible and affordable higher education</td>
<td>• Productivity</td>
</tr>
<tr>
<td></td>
<td>• New compact with the state of AZ</td>
</tr>
<tr>
<td></td>
<td>• Enhancing enterprise efficiency and effectiveness</td>
</tr>
<tr>
<td></td>
<td>• Tuition and cost of access</td>
</tr>
<tr>
<td></td>
<td>• Financial aid</td>
</tr>
<tr>
<td></td>
<td>• Privatization</td>
</tr>
<tr>
<td></td>
<td>• Administrative changes</td>
</tr>
</tbody>
</table>