

ARIZONA HOUSE OF REPRESENTATIVES  
Fiftieth Legislature – First Regular Session

**COMMITTEE ON HIGHER EDUCATION,  
INNOVATION AND REFORM**

Minutes of Meeting  
Wednesday, February 23, 2011  
House Hearing Room 2 -- 9:00 a.m.

Chairman Court called the meeting to order at 9:08 a.m. and attendance was noted by the secretary.

**Members Present**

Mr. Arredondo  
Mr. Chabin  
Mrs. Goodale

Mr. Saldate  
Mr. Vogt

Mr. Forese, Vice-Chairman  
Mr. Court, Chairman

**Members Absent**

Mr. Montenegro

Miss Reeve

Chairman Court introduced the speaker, Jamie Merisotis, who heads the nation's largest private foundation committed solely to enrolling and graduating more students from college and to increasing educational opportunity among low-income, minority and other historically underrepresented populations. An informational packet was distributed to the Members (Attachment 1).

**PRESENTATIONS**

**Lumina Foundation for Education**

Jamie Merisotis, President/CEO, Lumina Foundation for Education, addressed the Members to discuss Arizona's economic recovery and the vital role of colleges and universities in contributing to that recovery. He stressed the importance of the link between education and prosperity. He described the "new normal" that exists for economic growth and state appropriations. He stated that the link needs to be addressed through concrete steps taken by state policy makers and by public colleges and universities. Arizona, he said, can grow its economy by focusing on its higher education strengths and its opportunities.

Mr. Merisotis stated that some of Arizona's higher education strengths include:

- no-frills degrees
- the "getting ahead" initiative
- continued engagement of the state's community colleges

- opportunities such as paying universities for the students who graduate rather than student enrollment
- creating new types of approaches like state-wide virtual universities to award bachelor's degrees

Mr. Merisotis explained that Lumina Foundation's main interest is in enrolling and graduating more students from higher education, particularly low-income students, first generation students, students of color, and adults. Its overriding goal is to have 60 percent of Americans with high-quality college degrees and credentials by 2025. The country currently is below 40 percent, and Arizona is at 34 percent, putting it in the bottom half of the nation.

Mr. Merisotis stated that the facts clearly show that increasing higher education attainment is essential to the nation because, without college-level learning, workers will not have the knowledge or the skills to succeed in today's global economy. He cited a recent report from the Georgetown University Center on Education in the Workforce which shows that 63 percent of all jobs created between now and 2018 will require some form of post-secondary education or training; this is a huge increase since the mid-1970s when less than 30 percent of all jobs required any education beyond high school. He said that, due to this increase, between now and 2019, Arizona will need to fill about 900,000 vacancies resulting from job creation, worker retirements, and other factors.

Mr. Merisotis stated that economists list two main ways that jobs can be created and productivity increased: technology and educational attainment. He described the 21<sup>st</sup> century workforce as one that is powered by adaptable workers who possess high-level skills and relevant knowledge. This is where Arizona's higher education system can play a key role in sparking that economic growth by educating the state's population. However, Arizona's current model of higher education simply will not get the state to where it needs to be; fundamental changes are needed.

Mr. Merisotis explained that historically, during past economic slumps, higher education was meeting its budget challenges through a combination of factors: cuts in certain kinds of spending and increases in tuition. He stated that these tactics are seen in the current recession in many states: cutting programs, implementing furloughs and layoffs, increasing class sizes, and reducing the number of classes. He said that the problem is that not only do these changes hurt degree attainment, but those changes will not be enough for Arizona to meet its needs.

Mr. Merisotis stated that the Arizona budget cuts over the last four years total 46 percent and those, combined with upcoming cuts, represent a budget situation that he describes as the "new normal" for higher education. Arizona must now do things differently, including innovating, aligning spending with the goals of access and attainment, and reevaluating costs to ultimately increase efficiency and effectiveness.

Mr. Merisotis stressed the importance of rewarding institutions for helping students complete their education and providing aid to students to create incentives for them to complete their programs of study. He praised Arizona's innovative, online education programs, and cited Rio Salado's online community college approach as a good example. He discussed Arizona's successful collaborations between universities and community colleges.

Mr. Merisotis urged Arizona, because of the “new normal” in state appropriations, to push ahead in the areas of funding students’ success in universities and creating a need-based aid program that will incentivize completion. He discussed how the highest level of student dropout occurs during the second year of college. He described completion-based approaches used in other states, such as Indiana, Pennsylvania, and Utah.

Mr. Merisotis concluded his presentation by reminding the Members that his goal is to have 60 percent of Americans with high-quality college degrees and credentials by 2025.

Chairman Court inquired about the online programs. Mr. Merisotis replied that the Western Governors University (WGU) offers Bachelor’s and Master’s degrees in four areas: information technology, business, nursing, and teacher education. Students can access these courses online from anywhere in the nation. There is some in-person learning (such as student teaching or nursing practicum), but the main delivery model of the education content is online. In response to Chairman Court, Mr. Merisotis explained that the model of WGU is focused on working adults and tends to create new students. It fills a void; it does not take students from other institutions.

Chairman Court inquired if rewarding universities for graduates rather than enrollment will have an impact on the current average of six years to obtain a Bachelor’s degree. Mr. Merisotis replied that there are a variety of different funding mechanisms that can be put in place to address that, but certainly shifting funding to completion creates an incentive for schools to move students through in an accelerated timeframe. He stated that Indiana has a pilot program to award an Associate’s degree in one year.

Vice-Chairman Forese stated his concern about a culture in this country that does not encourage academic competitiveness and asked Mr. Merisotis his thoughts. Mr. Merisotis explained that his foundation is involved in improving the messaging to students, particularly to low-income students who may not see themselves on a college track. He recommended that schools start this messaging with students in the 8<sup>th</sup> grade, at the age of 14. He described the “Know How to Go” initiative, now in its fourth year, which makes students aware of community and family resources which support education, and also highlights the cost of an education.

Mr. Chabin inquired about costs. Mr. Merisotis stated that an online degree that takes 2.5 years to get a Bachelor’s degree will cost around \$4,000; he also described an approach that uses competency units rather than credits.

Mr. Chabin expressed concern that Arizonans cannot afford to send their children to Arizona schools. Mr. Merisotis concurred that the cost of higher education is a major obstacle in securing a degree, but that there are many pathways to securing an education. In Arizona, the “Getting Ahead” initiative is effective, but other models and approaches must also be used.

Chairman Court reminded the Members that Arizona State University President Crow stated that the average in-state student pays \$2,500 per year, and 50 percent pay \$0. Mr. Chabin replied that he is concerned that the Arizona Board of Regents is allowing up to 40 percent of students to be from out-of-state, and that he is also concerned with the debt that students accrue and must face once they complete their degrees.

Mr. Merisotis replied that the price issues are very real and influence all the career choices that a student must make. He stated that it is important to manage the cost of education as much as possible so the price that students pay is as low as possible. He spoke of redesigning courses for effective delivery and retention of students into the second year.

Mr. Saldate asked about online differences across disciplines. Mr. Merisotis explained that there is a long way to go to develop online delivery.

Mr. Saldate inquired about efforts to reach first-generation students who can learn the culture while they are on campus. Mr. Merisotis replied that degree attainment rates for Hispanics in this country are the lowest of any group and the culture will steer a student towards work rather than school. He described how motivation is a big challenge in these types of groups.

Mr. Merisotis described today's young people as "digital natives" who have grown up in a digital world and access information and learn in very different ways than older generations. It is important to meet these young students "where they are" and to understand that they are actually learning in meaningful ways through the use of technology. He described this as part of the new challenges for K-12 education as well as higher education.

Mr. Arredondo and Mrs. Goodale spoke of the importance of determining a common starting point for legislation and of looking systemically at Arizona's education system. Chairman Court urged the Members to consider all that they have learned this Session and to prepare legislation for the 2013 Session.

Without objection, the meeting adjourned at 10:02 a.m.

---

Jane Dooley, Committee Secretary  
March 14, 2010

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)