

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-first Legislature – First Regular Session

**COMMITTEE ON HIGHER EDUCATION AND
WORKFORCE DEVELOPMENT**

Minutes of Meeting
Wednesday, January 23, 2013
House Hearing Room 1 -- 10:00 a.m.

Chairman Dial called the meeting to order at 10:01 a.m. and attendance was noted by the secretary.

Members Present

Ms. Alston
Mr. Coleman
Mr. Larkin

Mr. Saldate
Mr. Stevens
Mr. Thorpe

Mr. Orr, Vice-Chairman
Mr. Dial, Chairman

Members Absent

None

Chairman Dial welcomed everyone and provided opening remarks. He informed Members that the Committee will start with the presentations.

PRESENTATIONS

Rick Myers, Chairman, Arizona Board of Regents (BOR), described in detail the progress and milestones made by the Arizona universities. He informed Members that three years ago, Governor Brewer addressed the BOR with a challenge to develop a long-term strategic plan for Arizona. The challenges are as follows:

- Account for graduation rates, retention rates and transfer rates
- Develop a more affordable and accessible model
- Work more closely with the community colleges to develop pathway programs and partnerships in joint admission programs
- Improve common course numbering to create a more seamless transition from community colleges to higher education
- Do more with less due to the downturn in the economy

Mr. Myers explained that as stewards of Arizona's universities, the BOR understand the importance of working together to achieve the Governor's challenges. New models have been adopted and are on track to achieve goals by 2020. The university presidents have been working with the BOR to develop an enterprise plan that raises the standards for operational efficiency and effectiveness, improves student access and affordability, and recognizes that all three

universities are unique. Mr. Myers listed the following series of performance measures that have been adopted:

- Educational excellence and access
- Research excellence
- Workforce and community impact
- Productivity with limited resources

On the matter of educational excellence and access, Mr. Myers stated that the BOR and the universities are striving to raise the competitiveness in Arizona's workforce by raising the amount of baccalaureate degrees to 30,000 per year by 2020. He said that last year, the universities graduated 24,000 students with baccalaureate degrees and 1,400 with master's degrees. In order to approach the national average, the numbers have to be at 30,000 by 2020. The quantity of degrees also has to be maintained to produce a flow of students pursuing higher education if Arizona is going to have a population that reflects a competitive educational attainment.

In the area of research excellence, Mr. Myers advised that the goal is to increase research capabilities and performance to better drive the future economy of Arizona. He stated that university research leads to the following:

- Job creation
- Public-private partnerships
- Community reinvestment
- Attracting top faculty

Mr. Myers stated that Arizona's public universities brought in \$1 billion of research funding in FY 2011 and in the next decade the goal is to double that amount. He stated that the universities are trying to create an environment where research produces results in bettering society and Arizona. At the present time, universities are reaching goals in patent activity and invention disclosures but lag behind peer institutions due to the lack of funding. He articulated the significance of investing in the infrastructure and providing the necessary equipment for the expansion of research at the universities.

On the matter of workforce and community impact, Mr. Myers described in detail the pathway programs between the state universities and the community colleges. He informed Members of the step-by-step approach students have to learn to start at a community college: what courses transfer and how to transfer to a state university in order to achieve a degree in a reasonable period of time and, while at a lower cost to the student, maintaining the quality of education. The universities offer degrees in a variety of areas such as science, technology, engineering and mathematics (STEM) fields and allied health professions such as doctors and nurses. In FY 2011, 4,000 undergraduate and 2,000 graduate degrees were awarded in the STEM fields and allied health professions.

In the area of productivity or "doing more with less", Mr. Myers stated that it is essential to maximize the use of existing resources while generating a greater number of students receiving degrees. He informed Members that the universities have seen dramatic growth but the budgets have not. The BOR and university presidents are focused on trying to balance the budget while

maintaining the quality of education. He said that when comparing tuition costs with peer institutions, tuition costs are now "average" in Arizona compared to previous years when they were at the lower end. Mr. Myers stated that increases in tuition have been made but raising tuition rates again is not the right thing to do for the long-term health of our state. He explained that the expense it takes to execute each degree is among the lowest compared with peer institutions.

Mr. Myers expressed the importance of maintaining balance while developing a strong partnership with the Legislature. He informed Members that the BOR are looking at different business models to outline market price and to drive additional revenues into the universities. He pointed out the correlation between education of the population and higher median wages, and stated that Arizona's per capita levels are not meeting expectations in comparison to other states. Based on input from the Governor and the Legislature, the BOR and the universities have collaborated to develop a performance-based funding model with a focus on degrees and meeting the state's workforce needs. Mr. Myers stated the importance of investing in the outcomes of the universities to create economic vitality and suggested basing the university's budget on those outcomes.

John Haeger, President, Northern Arizona University (NAU), stated that NAU is the smallest of the three institutions, has over 26,000 students, is over 110 years old and has seen remarkable growth in the last decade. In comparison to 20 other states, NAU would be the largest institution; however, Arizona State University (ASU) and the University of Arizona (U of A) are so large that NAU appears to be undersized. Dr. Haeger advised that NAU is located at more than 30 sites across the state with many being at community colleges. He explained the partnerships NAU has with Arizona Western College in Yuma and Yavapai College in Prescott Valley. Dr. Haeger informed Members that enrollment growth has grown 36 percent since 2005, 18 percent since 2008 and that 40 percent of NAU's alumni have graduated from the institution since the year 2000.

Dr. Haeger cited national reports on the inability of the U.S. economy are partly due to a lack of educating enough students with baccalaureate, master's and doctoral degrees. He said that oftentimes institutions are not educating students in the appropriate fields such as:

- Science, Technology, Engineering and Mathematics (STEM)
- STEM teachers
- Allied Health
 - Physician assistants
 - Physical therapists
 - Occupational therapists

He stated that part of the discussion of performance-funding measures is meeting the expectations that were outlined by the Governor, the Legislature and the Board of Regents. Since 2008, NAU has nearly doubled the amount of graduates in the STEM fields. He related that the engineering field formally was the smallest program at NAU, but is now the fastest growing college on the campus as a result of redirecting resources to meet state needs. In 2006, the Legislature determined that the allied health fields were not well served by the State of Arizona. NAU took on the challenge and developed programs for the allied health fields and

through the association with ASU and U of A, NAU is now a part of the Phoenix Biomedical Campus. Dr. Haegar said that last fall, NAU admitted its first students into a physician assistant program and stated that he believes the program will expand rapidly.

In the area of student success, Dr. Haegar advised of the intended focus on students in the first year of college. He explained that if students are not successful from the freshman to sophomore years, the number of baccalaureate degrees from the institution will not change. Resources are being redirected to ensure student success by the following:

- Challenging teachers to commit to students starting the freshman year
- Focusing on student success in biology, chemistry and mathematics
- Developing the Lumberjack Mathematics Center

Dr. Haeger explained in detail the function of the Lumberjack Mathematics Center and cited the program's success. He said that teaching mathematics by lecturing is unsuccessful; a student's ability to learn is not related to "seat time" but by learning the concepts. The university tailored programs to efficiently teach students and understand how they learn. "Flip" courses allow the university to use technology to become more efficient and have massive numbers of students accessing courses online. Dr. Haegar stated that 75 programs are completely online and can be accessed by students from all 31 NAU sites. Students are in a comfortable environment and are learning at a higher rate of speed. Online classes are the fastest growing area for the institution. He stated that he believes online instruction is the future for education.

Dr. Haeger described the manner in which the university has created access and affordability for education by using the NAU Yavapai campus as an example. The Yavapai College in Prescott Arizona offers four rigorous degree programs that are completed in three years, attended all year and cost the student \$4,800 instead of the \$8,000 at the Flagstaff Campus. Students can also attend the other 30 NAU campuses with an 18 percent savings, and all incoming students have a guaranteed tuition rate for eight semesters.

Dr. Haeger explained that appropriation levels to NAU have been reduced to \$60 million annually and requests additional funding for the following reasons:

- Faculty salaries – good faculty drive the institution and the programs
- Facilities maintenance and requirements – maintain safe structures

Dr. Haeger provided the Committee with a handout detailing his presentation (Attachment 1).

Dr. Haeger addressed Members' questions regarding the following:

- Salary increases
- Lumberjack Mathematics Center
- Infrastructure maintenance concerns
- Research capabilities

Ann Weaver Hart, President, The University of Arizona (U of A), explained the impact of higher education and the contributions U of A are currently generating. She reiterated the four areas of focus stated by Mr. Myers:

- Educational excellence
- Research excellence
- Workforce development
- Community impact

She related that one of the core mission assignments of the university is in academic medicine and is where U of A is striving to improve academic excellence and community impact. She stated that medical schools, academic medicine and clinical care represent some of the greatest opportunities and challenges facing the educational and clinical institutions. Dr. Hart explained the financial concerns that arise around the combination of world-class medical education, the need to do research in order to advance the application of the research and world-class clinical care. She advised that no great academic medical center exists without all three components and is a major focus of the U of A in which the university is requesting continued support.

Dr. Hart informed Members that the Flinn Foundation is working to develop policy analyses of the needs for medical education and graduate medical education in the State of Arizona. She related that graduate medical education is instrumental in the success of the universities' medical schools. U of A is one of only three universities in the United States that have two medical schools: the College of Medicine in Phoenix and the College of Medicine in Tucson. Dr. Hart explained the importance of retaining well-prepared medical physicians in Arizona for future health and wellbeing. She discussed the following topics:

- Medical residency requirements
- Telemedicine contributions
- Economic contributions
- Community contributions
- University accomplishments
- Program quality

Dr. Hart announced the finalization of the public-private partnership with the U of A and St. Joseph's Hospital and Medical Center/Dignity Health to develop a cancer care program in Phoenix, to include a new outpatient clinic at the Phoenix Biomedical Campus and inpatient care at St. Joseph's Hospital in central Phoenix. She related that the partnership is one of only 41 in the country and that the groundbreaking will be on February 21, 2013.

Dr. Hart referred to the following examples of excellence in education within the institution:

- Department of Mining and Geological Engineering
 - Mid level professionals seek to hire graduates from U of A
 - Hydraulic engineer graduates have 100 percent placement with salaries ranging from \$80,000 to \$120,000 the first year after graduation
 - Engineering graduates demonstrate the ability to apply knowledge in multiple settings

- College of Agricultural Planning and Landscape Architecture
 - Service learning
 - Fully funded undergraduate research opportunities
 - Faculty fellows program
 - Students are directly engaged in finding ways to apply what is learned into new settings

Dr. Hart stated that Brian Schmidt, a U of A alumni, shared the 2011 Nobel Prize in Physics and credited the side-by-side work with faculty mentors during his education. She said that U of A has 30 graduate programs that are ranked in the top 20 in the nation and 12 graduate programs that are internationally recognized and cross traditional colleges and boundaries. She described the following areas of research excellence:

- Examining how life systems develop and prosper from the molecular to the population level
- Success of the Bio Five Institute
- Improving cross fertilization, space, optical sciences
- Developing the instrument for the NASA OSIRIS-Rex mission with an \$800 million grant

Dr. Hart advised that the U of A's economic impact to the state is \$8.3 billion annually. She provided Members with a handout summarizing the importance of the teaching hospitals to the State of Arizona (Attachment 2) and said that major teaching hospitals comprise 5 to 10 percent of all hospitals in the U.S. but provide the following:

- 75 percent of all burn care units
- 62 percent of pediatric intensive care units (ICU)
- 61 percent of all Level 1 regional trauma centers
- 50 percent of surgical transplant services
- 41 percent of Alzheimer's centers
- 41 percent of all hospital charity care
- 40 percent of the nation's neonatal ICUs
- 25 percent of all Medicaid hospitalizations
- 22 percent of all cardiac surgery centers

Dr. Hart cited various contributions by the U of A and addressed Members' questions on the following topics:

- Medical school pipeline
- Budgetary commitments
- Healthcare education
- Healthcare policy

Michael Crow, President, Arizona State University (ASU), stated that this is his 11th year as President and expressed the reason he came to ASU is due to the vast opportunities in Arizona. He related that this state is a place where America's future is being determined by its innovation, creativity and ability to break the status quo. He described ASU as a highly adaptive university that has been able to "roll with the changes" while staying true to a mission of academic

excellence. Dr. Crow said that ASU educates a broad demographic of students and continues to see growth.

Referring to Mr. Myers' testimony, Dr. Crow stated that the Arizona economy is operating at less than 85 percent of the national average for gross state product level compared to other states. He said that there is a need to mature and broaden the economy. One of the methods to achieve this goal is to make certain Arizona is approaching the national average for college-educated individuals. Dr. Crow explained that in order to accomplish this goal, universities must produce 30,000 additional graduates over the existing 30,000 students graduating annually. He explained the necessity of creating a desirable labor pool to tackle the complex economy and stressed that the universities must double the graduates produced. Last year ASU graduated 18,400 world-class graduates; by 2020 the need is to produce 25,000 world-class graduates.

Dr. Crow listed the following three significant drivers for public higher education:

- Innovation to enhance education
- Common Core State Standards curriculum
- Performance-based financial models

He advised Members on his recent trip to Vietnam to implement an educational program on behalf of several Arizona-based corporations and stated that Arizona's mission and purpose should be to become a part of the global knowledge economy.

Dr. Crow said that universities require the following from the Legislature:

- Implementing the performance-based financial funding for achievement
- Understanding the impact of the past 50 percent reduction in funding rates per student which is equivalent to the rate ASU had per student in 1950
- Remembering the Arizona Constitutional requirements for higher education
- Developing a state-based financial aid in the near future

Dr. Crow addressed Members' questions regarding the following:

- College graduates rate of increase
- Research expansion
- State-based financial aid
- Performance – based funding model
- Economic competitiveness
- Data centers – large scale computing

ADOPTION OF COMMITTEE RULES

Vice-Chairman Orr moved that the Committee Rules on Higher Education and Workforce Development be adopted as written and distributed (Attachment 3). The motion carried by a voice vote.

APPOINTMENT OF COMMITTEE OF REFERENCE MEMBERS

Chairman Dial appointed the following Members to the Committee of Reference:

Mr. Dial – Chairman
Mr. Larkin
Mr. Orr
Ms. Saldate
Mr. Thorpe

INTRODUCTION OF STAFF

Chairman Dial requested that staff introduce themselves.

Brooke White, Majority Analyst; Blanca Delgado, Majority Intern; Eric Figueroa, Democratic Policy Advisor; Sarahita Wyatt-Paige, Democratic Intern

Without objection, the meeting adjourned at 11:38 a.m.

Abby Selvey, Committee Secretary
February 4, 2012

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