

## Commission for Postsecondary Education

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC	FY 2007 JLBC
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	4.0	4.0	5.0	5.0
Personal Services	184,900	183,800	183,800	183,800
Employee Related Expenditures	52,200	47,700	49,700	49,700
Professional and Outside Services	20,900	15,000	15,000	15,000
Travel - In State	2,600	3,500	3,500	3,500
Other Operating Expenditures	75,100	92,300	94,100	94,300
<b>OPERATING SUBTOTAL</b>	<b>335,700</b>	<b>342,300</b>	<b>346,100</b>	<b>346,300</b>
<b>SPECIAL LINE ITEMS</b>				
Arizona College and Career Guide	15,600	21,200	21,200	21,200
Arizona Minority Educational Policy Analysis Center	27,100	150,300	150,300	150,300
Family College Savings Program	27,000	86,900	86,900	86,900
Leveraging Educational Assistance Partnership	2,868,200	3,364,500	3,364,500	3,364,500
Private Postsecondary Education Student Financial Assistance Program	170,500	170,500	170,500	170,500
Twelve Plus Partnership	67,700	119,600	119,600	119,600
<b>AGENCY TOTAL</b>	<b>3,511,800</b>	<b>4,255,300</b>	<b>4,259,100</b>	<b>4,259,300</b>
<b>FUND SOURCES</b>				
General Fund	1,391,300	1,391,300	1,391,300	1,391,300
<u>Other Appropriated Funds</u>				
Postsecondary Education Fund	2,120,500	2,864,000	2,867,800	2,868,000
SUBTOTAL - Other Appropriated Funds	2,120,500	2,864,000	2,867,800	2,868,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,511,800</b>	<b>4,255,300</b>	<b>4,259,100</b>	<b>4,259,300</b>
Other Non-Appropriated Funds	186,800	0	0	0
<b>TOTAL - ALL SOURCES</b>	<b>3,698,600</b>	<b>4,255,300</b>	<b>4,259,100</b>	<b>4,259,300</b>

CHANGE IN FUNDING SUMMARY	FY 2005 to FY 2006 JLBC		FY 2005 to FY 2007 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	0	0.0%	0	0.0%
Other Appropriated Funds	3,800	0.1%	4,000	0.1%
Total Appropriated Funds	3,800	0.1%	4,000	0.1%
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	3,800	0.1%	4,000	0.1%

**AGENCY DESCRIPTION** — The Commission for Postsecondary Education reviews and recommends educational policies, while also providing a discussion forum for public and private postsecondary educational institutions, and their stakeholders, on issues of mutual interest. The 16 commissioners are authorized to administer certain federal and state student financial aid programs.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• LEAP student grants awarded	3,700	4,357	3,800	4,000
• Family College Savings Program account holders	27,853	41,000	34,000	--
• % of customers rating commission services as “good” or “excellent”	95	95	95	95
• Administration as a % of total cost	4.0	4.0	3.8	--

**Comment:** The agency reports that the number of LEAP student grants increased between FY 2003 and FY 2004 due to decreasing grant amounts; from \$767 to \$658. LEAP administration is decentralized, thus the commission distributes monies to postsecondary institutions within the federal guidelines, in lump sum amounts. The institutions then determine the LEAP grant amount each student will receive. The agency’s customer service rating is consistently high.

## RECOMMENDED CHANGES FROM FY 2005

### Operating Budget

The JLBC recommends \$346,100 from the Postsecondary Education Fund for the operating budget in FY 2006 and \$346,300 in FY 2007. These amounts would fund the following adjustments:

Standard Changes	OF	FY 2006 \$3,800	FY 2007 \$4,000
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The JLBC recommends an increase of \$3,800 from the Postsecondary Education Fund in FY 2006 and an increase of \$4,000 in FY 2007 for standard changes.

### Special Line Items

#### Arizona College and Career Guide

The JLBC recommends \$21,200 from the Postsecondary Education Fund for the Arizona College and Career Guide in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. The Arizona College and Career Guide is an annual publication listing Arizona public and private postsecondary education institutions, describing their available degree programs, certificate programs, course lengths, and costs of attendance.

#### Arizona Minority Educational Policy Analysis Center

The JLBC recommends \$150,300 and 0.2 FTE Positions from the Postsecondary Education Fund for the Arizona Minority Educational Policy Analysis Center (AMEPAC) in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. AMEPAC proactively hosts studies, debates and statewide discussions in order to improve minority students’ awareness of, access to, and achievement in, all of Arizona’s postsecondary education institutions.

#### Family College Savings Program

The JLBC recommends \$86,900 and 1 FTE Position from the Postsecondary Education Fund for the Family College Savings Program (FCSP) in FY 2006 and FY 2007. These amounts would fund the following adjustments:

#### Trust Fund Management GF 0 0

In FY 2005, the commission was appropriated \$60,000 in order to comply with the Federal Securities and Exchange Commission’s (FSEC) requirement to create a trust for the Family College Savings Program in order for savings accounts to maintain federal tax-exempt status. Laws 2004, Chapter 327 established FCSP as a trust. The JLBC recommends 1 FTE Position for the FCSP in FY 2006 and FY 2007 to sufficiently manage the FCSP and ensure that the program is in compliance with the FSEC standards and policies. No additional monies are required for the position.

FCSP enables parents to save money, on a tax-deferred basis, for their child’s college education in “529” Plans. FCSP receives operating funding from a \$13 fee incurred at the opening of each new savings account. The commission oversees 4 FCSP Plans available for investment by both residents and non-residents.

According to a recent study, Arizona has 2 of the nations 5 lowest-rated 529 Plans on the market. This rating was based on data identifying the maintenance expenses, maturation flexibility and charges of misconduct associated with the funds. The JLBC recommends a footnote requiring the commission to report information that will allow for monitoring how FCSP Plans offered by Arizona compare with plans offered in other states (*see New Footnotes for additional information.*)

#### Leveraging Educational Assistance Partnership

The JLBC recommends \$3,364,500 for Leveraging Educational Assistance Partnership (LEAP) in FY 2006 and FY 2007. These amounts consist of \$1,220,800 from the General Fund and \$2,143,700 from the Postsecondary Education Fund. These amounts are unchanged from FY 2005. LEAP is a federal, state, and institutional partnership that provides financial assistance to students that demonstrate substantial financial need. To be eligible, students must attend, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary education institution (including public universities, public community colleges, private collegiate institutions, and proprietary schools). In FY 2004, LEAP distributed 4,357 grants at an average grant amount of \$658.

**Private Postsecondary Education Student**

**Financial Assistance Program**

The JLBC recommends \$170,500 from the General Fund for the Private Postsecondary Education Student Financial Assistance Program (PFAP) in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. PFAP provides tuition vouchers for qualified community college graduates who then enter private postsecondary education institutions within Arizona. In FY 2004, PFAP distributed 155 grants at an average grant amount of \$1,205.

**Twelve Plus Partnership**

The JLBC recommends \$119,600 from the Postsecondary Education Fund for Twelve Plus Partnership (TPP) in FY 2006 and FY 2007. These amounts are unchanged from FY 2005. TPP is an early education awareness initiative with 3 components: Best Education Practices Conference and Awards Recognition, Think College, and College Goal Sunday. The total appropriation of \$119,600 allocates approximately 70% of the funds to College Goal Sunday, 25% to Best Education Practices Conference and Awards Recognition, and 5% to Think College. Private gifts, donations of service, and corporate sponsorships provide the funding for TPP.

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**JLBC RECOMMENDED FORMAT** — Operating Lump Sum with Special Line Items by Agency

**JLBC RECOMMENDED FOOTNOTES**

*Standard Footnotes*

The appropriations for Arizona College and Career Guide, Arizona Minority Educational Policy Analysis Center and Twelve Plus Partnership are estimates representing all monies distributed to this fund, including balance forward, revenue and transfers, during FY 2006 and FY 2007. The appropriations shall be adjusted as necessary to reflect actual final receipts credited to the Postsecondary Education Fund.

The appropriation for Leveraging Educational Assistance Partnership is provided to create grants under the Arizona State Student Incentive Grant Program administered by the Arizona Commission for Postsecondary Education

Grants may be made according to the provisions of applicable federal and state laws and regulations relating to this program. Only Arizona residents who demonstrate financial need and who are attending, on at least a half-time basis, an approved program at a properly accredited Arizona postsecondary education institution are eligible for the program.

Each participating institution, public or private, in order to be eligible to receive state matching funds under the State Student Incentive Grant Program for grants to students, shall provide an amount of institutional matching funds

that equals the amount of funds provided by the state to the institution for the State Student Incentive Grant Program. Administrative expenses incurred by the Commission for Postsecondary Education shall be paid from institutional matching funds and shall not exceed 12% of the funds in FY 2006 and FY 2007.

Of the total amount appropriated for the Private Postsecondary Education Student Financial Assistance Program, no more the 10% may be used for program administrative costs.

For FY 2006 and FY 2007, any unencumbered balance remaining in the Postsecondary Education Fund on June 30, 2005 and June 30, 2006 and all grant monies and other revenues received by the Commission for Postsecondary Education during this fiscal year, when paid into the State Treasury, are appropriated for the explicit purposes designated by special line items and for additional responsibilities prescribed in A.R.S. § 15-1851 and A.R.S. § 15-1852.

*New Footnotes*

The Commission for Postsecondary Education shall submit a report to the Joint Legislative Budget Committee by August 1, 2005 regarding all 529 Plans provided by the state. The report shall include the following information for each 529 Plan: annual basis points charged for account maintenance, fee schedule, maturity options and the historical return for a \$10,000 initial deposit. The report shall also highlight the costs associated with Arizona's 529 Plans, relative to those available through other states. (A recent article indicated Arizona has 2 of the 5 lowest-rated 529 Plans on the market. The received report will allow a comparison of Arizona 529 Plans relative to plans offered in other states. See Family College Savings Program for more information.)

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Postsecondary Education (PEA2405/A.R.S. § 15-1853)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Monies appropriated by the Legislature, monies received from state agencies and political subdivisions of the state, the federal government, and/or private gifts, grants and donations. The commission must separately account for monies received from each source.		
<b>Purpose of Fund:</b> Provide for purposes designated by special line items for which the monies are received. Donations are used in accordance with the requests of the donor. Other private monies are used to carry out the duties and responsibilities of the commission.		
<b>Funds Expended</b>	2,120,500	2,864,000
<b>Year-End Fund Balance</b>	342,800	335,600
<b>Private Postsecondary Education Student Financial Assistance (PEA2128/A.R.S. § 15-1854)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies appropriated by the Legislature.		
<b>Purpose of Fund:</b> For tuition vouchers awarded to eligible graduates of Arizona community colleges enabling them to obtain a bachelor's degree at a private college or university within Arizona.		
<b>Funds Expended From the General Fund</b>	170,500	170,500
<b>Other Funds Expended</b>	186,800	0
<b>Year-End Fund Balance</b>	0	0
<b>Arizona Teachers Incentive Program (PEA2249/A.R.S. § 15-1851)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies collected as repayment from students who do not meet the conditions of the loan program.		
<b>Purpose of Fund:</b> To collect repayment monies from students who received a loan in prior years for teacher education and did not fulfill their teaching obligation. The students' teacher loan indebtedness to the State of Arizona is forgiven if the recipient of the monies completes a specified period of time teaching in designated school districts which are identified as having high proportions of economically disadvantaged and at risk pupils. Monies collected are reverted to the General Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

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