

# State Board for Private Postsecondary Education

JLBC: Justin Narducci  
 OSPB: Dawn Nazary

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	4.0	4.0
Personal Services	158,200	169,800	169,800	169,800
Employee Related Expenditures	45,400	48,500	49,700	49,700
Professional and Outside Services	5,800	5,300	21,300	24,100
Travel - In State	600	2,000	2,000	2,000
Travel - Out of State	1,100	0	0	0
Other Operating Expenditures	36,100	37,900	38,100	38,100
Equipment	1,300	0	0	5,800
<b>AGENCY TOTAL</b>	<b>248,500</b>	<b>263,500</b>	<b>280,900</b>	<b>289,500</b>

## FUND SOURCES

### Other Appropriated Funds

Board for Private Postsecondary Education Fund	248,500	263,500	280,900	289,500
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>248,500</b>	<b>263,500</b>	<b>280,900</b>	<b>289,500</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>248,500</b>	<b>263,500</b>	<b>280,900</b>	<b>289,500</b>
Other Non-Appropriated Funds	104,300	235,200	110,200	111,000
<b>TOTAL - ALL SOURCES</b>	<b>352,800</b>	<b>498,700</b>	<b>391,100</b>	<b>400,500</b>

## CHANGE IN FUNDING SUMMARY

	FY 2005 to FY 2006 JLBC		FY 2005 to FY 2007 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	17,400	6.6%	26,000	9.9%
Total Appropriated Funds	17,400	6.6%	26,000	9.9%
Non Appropriated Funds	(125,000)	(53.1%)	(124,200)	(52.8%)
<b>Total - All Sources</b>	<b>(107,600)</b>	<b>(21.6%)</b>	<b>(98,200)</b>	<b>(19.7%)</b>

**AGENCY DESCRIPTION** — The board licenses and regulates approximately 166 private postsecondary education institutions that service approximately 200,000 students annually. The board processes license applications, determines compliance, investigates complaints and violations, and takes disciplinary action on all private postsecondary institutions that offer vocational and/or degree programs. However, the board does not have jurisdiction over cosmetology, barber, real estate, or professional driving schools. In addition to regulatory duties, the board administers the Student Tuition Recovery Fund, which provides restitution to students financially injured by private postsecondary institutional closures.

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 JLBC
• Institutional licenses approved	396	145	500	--
• Average number of days to pay fund claims	90	2 years	78	90
• Number of institutional inspections	28	39	40	--
• Average days to process student record requests	12	10	13.1	10
• Administration as a % of total cost	6.5	8.0	15.2	--
• Customer satisfaction rating (Scale 1-8)	NA	7.8	7.0	7.8

**Comments:** The agency did not submit information for any measure labeled as "NA." A pending lawsuit has caused the average number of days to pay fund claims to increase significantly. The board has disbursed funds to the students; however, such claims could not be finalized until the lawsuit was resolved. Student record requests continue to be processed at an average of 10 days.

**RECOMMENDED CHANGES FROM FY 2005**

**Operating Budget**

The JLBC recommends \$280,900 from the Board for Private Postsecondary Education Fund for the operating budget in FY 2006 and \$289,500 in FY 2007. These amounts would fund the following adjustments:

**Standard Changes**                      **OF**                      **FY 2006**                      **FY 2007**  
 The JLBC recommends an increase of \$1,400 from the Board for Private Postsecondary Education Fund in FY 2006 and FY 2007 for standard changes.

**Legal Services**                      **OF**                      **16,000**                      **16,800**  
 The JLBC recommends an increase of \$16,000 from the Board for Private Postsecondary Education Fund in FY 2006 and an increase of \$16,800 in FY 2007 for legal services provided by the Attorney General's office.

In FY 2004 the board experienced a 100% increase in the number of student complaints received regarding private postsecondary education institutions, relative to FY 2003. In addition to the increasing complaint load, the complexity of the complaints is placing an additional burden on the board. Professional legal services are recommended to assist the board. The recommended amount would provide 50% of the funding for attorney services. The non-appropriated Student Tuition Recovery Fund would provide funding for the remaining 50% of the Attorney General expense.

**Computer Equipment**                      **OF**                      **0**                      **5,800**  
 The JLBC recommends an increase of \$5,800 from the Board for Private Postsecondary Education Fund in FY 2007 for one-time computer equipment. In FY 2007, 2 of the board's computers and their computer server will be 6 years old. The recommended amount includes funding for 2 computers, 1 server, computer software and the support services required to complete the computer upgrades.

**Rule Writer**                      **OF**                      **0**                      **2,000**  
 The JLBC recommends an increase of \$2,000 from the Board for Private Postsecondary Education Fund in FY 2007 for one-time rule writing services. The rule writer will assist the board in revising and completing the Five-Year Rule Report. The board's Five-Year Rule Report is statutorily required to be completed in FY 2007.

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**JLBC RECOMMENDED FORMAT** — Lump Sum by Agency

**JLBC RECOMMENDED FOOTNOTES**

*Standard Footnotes*  
 This appropriation is available for use pursuant to the provisions of A.R.S. § 35-143.01C and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations until June 30, 2007.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
<b>Board for Private Postsecondary Education (PVA2056/A.R.S. § 32-3004)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Monies collected by the board from the examination and licensing of private postsecondary institutions. The board retains 90% of these monies and deposits 10% in the General Fund.		
<b>Purpose of Fund:</b> To examine, license, investigate, and regulate private postsecondary institutions. Monies are also expended on board administration costs.		
<b>Funds Expended</b>	248,500	263,500
<b>Year-End Fund Balance</b>	285,000	316,500
<b>Student Tuition Recovery (PVA3027/A.R.S. § 32-3072)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Assessments on prepaid tuition paid by newly enrolled students at private postsecondary institutions. Pursuant to A.R.S. § 32-3072, if the fiscal year-end fund balance exceeds \$500,000, only newly or provisionally licensed institutions pay the assessment.		
<b>Purpose of Fund:</b> To compensate persons suffering damages as the result of a private postsecondary institution closure.		
<b>Funds Expended</b>	104,300	235,200
<b>Year-End Fund Balance</b>	654,900	723,600

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