

**Commission for Postsecondary Education**

**A.R.S. § 15-231**

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	<b>FY 2006 Actual</b>	<b>FY 2007 Estimate</b>	<b>FY 2008 Approved</b>	<b>FY 2009 Approved</b>
<b>OPERATING BUDGET</b>				
<i>Full Time Equivalent Positions</i>	5.0	8.0	10.0 <sup>1/</sup>	10.0 <sup>1/</sup>
Personal Services	190,800	210,000	224,300	217,500
Employee Related Expenditures	60,100	64,500	70,800	66,700
Professional and Outside Services	12,400	12,300	12,300	12,300
Travel - In State	2,000	2,500	2,500	2,500
Travel - Out of State	900	500	500	500
Other Operating Expenditures	83,500	91,800	96,200	96,200
<b>OPERATING SUBTOTAL</b>	<b>349,700</b>	<b>381,600</b>	<b>406,600</b>	<b>395,700</b>
<b>SPECIAL LINE ITEMS</b>				
Arizona College and Career Guide	20,000	21,200	21,200 <sup>2/</sup>	21,200 <sup>2/</sup>
Arizona Minority Educational Policy Analysis Center	39,300	151,400	100,300 <sup>2/</sup>	100,000 <sup>2/</sup>
Case Managers	0	0	100,000 <sup>3/</sup>	100,000 <sup>3/</sup>
Family College Savings Program	74,000	112,700	152,600	150,000
Leveraging Educational Assistance Partnership	2,808,100	3,364,500	3,364,500 <sup>4/5/</sup>	3,364,500 <sup>4/5/</sup>
Postsecondary Education Grant Program	0	5,000,000	5,306,500 <sup>6/7/</sup>	5,300,000 <sup>6/7/</sup>
Private Postsecondary Education Student Financial Assistance Program	133,400	400,000	800,000 <sup>7/8/</sup>	800,000 <sup>7/8/</sup>
Twelve Plus Partnership	117,600	120,200	130,800 <sup>2/</sup>	130,500 <sup>2/</sup>
<b>AGENCY TOTAL</b>	<b>3,542,100</b>	<b>9,551,600</b>	<b>10,382,500<sup>9/10/</sup></b>	<b>10,361,900<sup>9/10/</sup></b>
<b>FUND SOURCES</b>				
General Fund	1,354,200	6,620,800	7,427,300	7,420,800
<u>Other Appropriated Funds</u>				
Postsecondary Education Fund	2,187,900	2,930,800	2,955,200	2,941,100
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>2,187,900</b>	<b>2,930,800</b>	<b>2,955,200</b>	<b>2,941,100</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>3,542,100</b>	<b>9,551,600</b>	<b>10,382,500</b>	<b>10,361,900</b>
<b>TOTAL - ALL SOURCES</b>	<b>3,542,100</b>	<b>9,551,600</b>	<b>10,382,500</b>	<b>10,361,900</b>

<sup>1/</sup> Includes 6.5 FTE Positions funded from Special Line Items in FY 2008 and FY 2009.

<sup>2/</sup> 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 2008 and FY 2009. The appropriations shall be adjusted as necessary to reflect actual final receipts credited to the Postsecondary Education Fund. (General Appropriation Act footnote)

<sup>3/</sup> The appropriation for case managers is for 2 additional FTE Positions or for equivalent contracted positions for potential students, applicants and enrolled students who are or were eligible for services as prescribed in A.R.S. § 8-521 or A.R.S. § 8-521.01 and who are under 26 years of age. (General Appropriation Act footnote)

<sup>4/</sup> 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 educational institution are eligible for the program. (General Appropriation Act footnote)

<sup>5/</sup> 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 2008 and FY 2009. (General Appropriation Act footnote)

<sup>6/</sup> Of the \$5,306,500 appropriated for the Postsecondary Education Grant Program, up to \$506,500 may be allocated for the administration of the program in FY 2008 and \$500,000 in FY 2009. (General Appropriation Act footnote, as adjusted for statewide allocations)

<sup>7/</sup> The Commission for Postsecondary Education shall not transfer funds out of the Private Postsecondary Education Student Financial Assistance Program or the Postsecondary Education Grant Program line items. (General Appropriation Act footnote)

<sup>8/</sup> Of the total amount appropriated for the Private Postsecondary Education Student Financial Assistance Program, no more than 10% may be used for program administrative costs. (General Appropriation Act footnote)

<sup>9/</sup> General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

<sup>10/</sup> Any unencumbered balance remaining in the Postsecondary Education Fund on June 30, 2007 for FY 2008, and June 30, 2008 for FY 2009, and all grant monies and other revenues received by the Commission for Postsecondary Education, when paid into the State Treasury, are appropriated for the explicit purposes designated by line items and for additional responsibilities prescribed in A.R.S. § 15-1851 and A.R.S. § 15-1852. (General Appropriation Act footnote)

**AGENCY DESCRIPTION** — The Commission for Postsecondary Education reviews and recommends higher education policies, while 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.

<b>PERFORMANCE MEASURES</b>	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
<ul style="list-style-type: none"> <li>• LEAP student grants awarded            Comment: The number of LEAP student grants was higher in FY 2004 than in other years due to lower average grant amounts. Since LEAP administration is decentralized, individual institutions determine the LEAP grant amount each student will receive.</li> </ul>	4,357	3,861	3,929	4,000
<ul style="list-style-type: none"> <li>• % of customers rating commission services as “good” or “excellent”</li> </ul>	95	94	95	95

**Operating Budget**

The budget provides \$406,600 and 3.5 FTE Positions from the Postsecondary Education Fund for the operating budget in FY 2008 and \$395,700 and 3.5 FTE Positions in FY 2009. These amounts fund the following adjustments:

**Statewide Adjustments**

The budget provides an increase of \$11,500 from the Postsecondary Education Fund in FY 2008 and \$600 in FY 2009 for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details. The annualization of these adjustments for FY 2009 will be addressed in the 2008 budget process.)*

**Operating Budget Increase**

The budget provides an increase of \$13,500 from the Postsecondary Education Fund in FY 2008 and FY 2009 to increase the operating budget.

**Special Line Items**

**Arizona College and Career Guide**

The budget provides \$21,200 from the Postsecondary Education Fund for the Arizona College and Career Guide in FY 2008 and FY 2009. This amount is unchanged from FY 2007.

The Arizona College and Career Guide is an annual publication listing Arizona public and private postsecondary educational institutions. The guide describes each institution’s available degree and certificate programs, course lengths, and costs of attendance.

**Arizona Minority Educational Policy Analysis Center**

The budget provides \$100,300 and 0.2 FTE Position from the Postsecondary Education Fund for the Arizona Minority Educational Policy Analysis Center (AMEPAC) in FY 2008 and \$100,000 and 0.2 FTE Position in FY 2009. These amounts fund the following adjustments:

**Statewide Adjustments**

The budget provides an increase of \$300 from the Postsecondary Education Fund in FY 2008 and no change in FY 2009 for statewide adjustments.

**Reduction of Fundraising Goal**

The budget provides a decrease of \$(51,400) from the Postsecondary Education Fund to reduce AMEPAC’s fundraising goal in FY 2008 and FY 2009. After previous fundraising goals were proven to be unrealistic, the commission proposed reducing the goal.

AMEPAC promotes statewide studies, debates, and discussions to improve minority students’ awareness of, access to, and achievement in Arizona’s postsecondary educational institutions.

**Case Managers**

The budget provides \$100,000 and 2 FTE Positions from the General Fund for the new Case Managers Special Line Item in FY 2008 and FY 2009.

Working in conjunction with case managers in the Department of Economic Security’s Independent Living Program, these new case managers will be responsible for educating those in the program about postsecondary education opportunities and providing a student orientation. The Independent Living Program is made up of former foster youth between the ages of 18 and 21. The commission will be required to assist in filling out financial aid and postsecondary applications, provide tutoring, and will assist students in finding health, dental, and employment opportunities, along with other forms of student assistance. A General Appropriation Act footnote gives the commission the option to contract out for equivalent positions to complete these requirements.

**Family College Savings Program**

The budget provides \$152,600 and 1 FTE Position from the Postsecondary Education Fund for the Family College Savings Program (FCSP) in FY 2008 and \$150,000 and 1

FTE Position in FY 2009. These amounts fund the following adjustments:

**Statewide Adjustments**

The budget provides an increase of \$2,600 from the Postsecondary Education Fund in FY 2008 and no change in FY 2009 for statewide adjustments.

**Oversight of 529 Plans**

The budget provides an increase of \$37,300 from the Postsecondary Education Fund in FY 2008 and FY 2009 for additional oversight and administration of the 529 Plans. The program has increased from approximately 16,500 accounts in FY 2002 to 54,000 accounts at the end of FY 2007. Additional funding would be allocated for compliance and review activities, including Oversight Committee support, outside legal counsel, and marketing of the plan.

FCSP enables parents to save money for their child’s college education in plans compatible with Internal Revenue Code § 529 (529 Plans). Monies in these plans grow tax-free, and withdrawals for qualified higher educational expenses are federal and state income tax-free. FCSP operates from the proceeds of new account fees, which are currently \$13 per account. The plans are available to both residents and non-residents of the state.

Laws 2007, Chapter 265 will also make 529 contributions eligible for a state income tax deduction. From 2008 through 2012, participants can receive an individual income tax subtraction for contributions to any 529 College Savings Plan. The maximum amount a taxpayer can subtract in any year is \$1,500 for married filing joint, or \$750 for single or head of household. This deduction is estimated to result in a General Fund revenue loss of \$(2,500,000) in FY 2009.

The commission oversees 3 FCSP providers, 2 of which have multiple investment offerings in their plans. In addition, the commission recently opted not to renew 2 providers, because of limited investment options and high account fees. Accounts held by the non-renewed providers will continue with limited contracts and will be transitioned into accounts with approved providers.

**Leveraging Educational Assistance Partnership**

The budget provides \$3,364,500 for the Leveraging Educational Assistance Partnership (LEAP) in FY 2008 and FY 2009. This amount consists of:

	<u>FY 2008</u>	<u>FY 2009</u>
General Fund	\$1,220,800	\$1,220,800
Postsecondary Education Fund	2,143,700	2,143,700

These amounts are unchanged from FY 2007.

LEAP is a federal, state, and institutional partnership that provides financial assistance to students demonstrating

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 educational institution (including public universities, public community colleges, private collegiate institutions, and proprietary schools). In FY 2007, LEAP distributed 4,000 grants averaging \$708.

**Postsecondary Education Grant Program**

The budget provides \$5,306,500 and 3 FTE Positions from the General Fund for the Postsecondary Education Grant Program (PEG) in FY 2008 and \$5,300,000 and 3 FTE Positions in FY 2009. These amounts fund the following adjustments:

**Statewide Adjustments**

The budget provides an increase of \$6,500 from the General Fund in FY 2008 and no change in FY 2009 for statewide adjustments.

**Web-Based Database**

The budget provides a one-time increase of \$300,000 from the General Fund in FY 2008 and FY 2009 for a web-based database to administer the Postsecondary Education Grant Program. The database will enable the commission to process applications to the grant program, track student progress, and collect repayment from students who do not complete the program.

A General Appropriation Act footnote allows the commission to use up to \$500,000 of the PEG appropriation in FY 2008 and FY 2009 for administration of the program. The FY 2007 Higher Education Budget Reconciliation Bill (Laws 2006, Chapter 352) appropriated \$5,000,000 for PEG, and enabled the commission to use up to \$200,000 of the monies for administration of the program. Including both the existing \$200,000 and the new \$300,000 for the database, the commission could use up to \$500,000 for administration of the PEG program.

This grant program distributes up to \$2,000 to full-time and part-time students enrolled at a private baccalaureate degree granting institution. Grant recipients must meet the minimum qualifications established by the commission, which shall be comparable to the admission standards established by the Arizona Board of Regents. Recipients can continue to receive the grant for up to 4 years. The student must repay the commission the entire grant amount if they do not receive a baccalaureate degree in 5 years.

Currently, 30 private institutions are eligible under the grant requirements. These institutions independently verify a student’s eligibility for the grant. The student can then apply directly to the commission for the grant. For first year applicants, the commission utilized a database to collect student and institution information; however, this technology will require updating in year 2 to process a grant of this size. Additionally, the commission plans to

consider whether outsourcing the loan repayment aspect of the program would be more cost effective.

remaining 5% funds Think College. Private gifts, donations of service, and corporate sponsorships support TPP.

***Private Postsecondary Education Student Financial Assistance Program***

The budget provides \$800,000 from the General Fund for the Private Postsecondary Education Student Financial Assistance Program (PFAP) in FY 2008 and FY 2009. This amount includes the following adjustment:

**PFAP Increase**

The budget provides an increase of \$400,000 from the General Fund in FY 2008 and FY 2009 to increase the funding available for the program.

The Higher Education Budget Reconciliation Bill (Laws 2007, Chapter 265) increases the annual cap on awards from the Private Postsecondary Education Student Financial Assistance Program from \$1,500 to \$2,000 annually, and the 2-year cap from \$3,000 to \$4,000.

PFAP provides tuition vouchers for qualified community college graduates who enter private postsecondary educational institutions within Arizona. In FY 2007, PFAP distributed 300 grants averaging \$1,500.

***Twelve Plus Partnership***

The budget provides \$130,800 and 0.3 FTE Position from the Postsecondary Education Fund for the Twelve Plus Partnership (TPP) in FY 2008 and \$130,500 and 0.3 FTE Position in FY 2009. These amounts fund the following adjustments:

**Statewide Adjustments**

The budget provides an increase of \$300 from the Postsecondary Education Fund in FY 2008 and no change in FY 2009 for statewide adjustments.

**Program Funding**

The budget provides an increase of \$10,300 from the Postsecondary Education Fund in FY 2008 and FY 2009 to support College Goal Sunday and Best Practices event funding. The first event assists high school seniors (or adults) and their families in filling out their FAFSA form for student financial aid. The second is an annual conference on best practices in education. The commission predicts an increased number of sites for College Goal Sunday from 29 to 30 in FY 2007. The additional monies fund the operating of the venues, including a stipend for site coordinators, and scholarship money for students attending the event.

TPP is an early education awareness initiative with 3 components: Best Education Practices Conference and Awards Recognition, Think College, and College Goal Sunday. Approximately 70% of this line item funds College Goal Sunday, 25% of the monies go to Best Education Practices Conference and Awards Recognition, and the