

Commission for Postsecondary Education

JLBC: Amy Strauss

OSPB: Stacey Morley

DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC	FY 2009 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	5.0	8.0	8.0	8.0
Personal Services	190,800	210,000	210,000	210,000
Employee Related Expenditures	60,100	64,500	64,500	64,500
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	92,400	92,400
OPERATING SUBTOTAL	349,700	381,600	382,200	382,200
SPECIAL LINE ITEMS				
Arizona College and Career Guide	20,000	21,200	21,200	21,200
Arizona Minority Educational Policy Analysis Center	39,300	151,400	100,000	100,000
Family College Savings Program	74,000	112,700	150,000	150,000
Leveraging Educational Assistance Partnership	2,808,100	3,364,500	3,364,500	3,364,500
Postsecondary Education Grant Program	0	5,000,000	5,300,000	5,300,000
Private Postsecondary Education Student Financial Assistance Program	133,400	400,000	400,000	400,000
Twelve Plus Partnership	117,600	120,200	130,500	130,500
AGENCY TOTAL	3,542,100	9,551,600	9,848,400	9,848,400
FUND SOURCES				
General Fund	1,354,200	6,620,800	6,920,800	6,920,800
<u>Other Appropriated Funds</u>				
Postsecondary Education Fund	2,187,900	2,930,800	2,927,600	2,927,600
SUBTOTAL - Other Appropriated Funds	2,187,900	2,930,800	2,927,600	2,927,600
SUBTOTAL - Appropriated Funds	3,542,100	9,551,600	9,848,400	9,848,400
TOTAL - ALL SOURCES	3,542,100	9,551,600	9,848,400	9,848,400

CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC		FY 2007 to FY 2009 JLBC	
	\$ Change	% Change	\$ Change	% Change
General Fund	300,000	4.5%	300,000	4.5%
Other Appropriated Funds	(3,200)	(0.1%)	(3,200)	(0.1%)
Total Appropriated Funds	296,800	3.1%	296,800	3.1%
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	296,800	3.1%	296,800	3.1%

AGENCY DESCRIPTION — The Commission for Postsecondary Education (CPE) 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.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	JLBC
• LEAP student grants awarded	4,357	3,861	3,929	4,000
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.				
• % of customers rating commission services as “good” or “excellent”	95	94	95	95

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$382,200 and 3.5 FTE Positions from the Postsecondary Education Fund for the operating budget in FY 2008 and FY 2009. This amount would fund the following adjustment:

		<u>FY 2008</u>	<u>FY 2009</u>
Standard Changes	OF	\$600	\$600

The JLBC includes an increase of \$600 from the Postsecondary Education Fund in FY 2008 and FY 2009 for standard changes.

Special Line Items

Arizona College and Career Guide

The JLBC includes \$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 JLBC includes \$100,000 and 0.2 FTE Position from the Postsecondary Education Fund for the Arizona Minority Educational Policy Analysis Center (AMEPAC) in FY 2008 and FY 2009. This amount would fund the following adjustment:

Reduction of Fundraising Goal	OF	(51,400)	(51,400)
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The JLBC includes 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.

Family College Savings Program

The JLBC includes \$150,000 and 1 FTE Position from the Postsecondary Education Fund for the Family College Savings Program (FCSP) in FY 2008 and FY 2009. This amount would fund the following adjustment:

Oversight of 529 Plans	OF	37,300	37,300
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The JLBC includes 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 55,000 accounts at the end of FY 2006. 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, on a tax-deferred basis, for their child's college education in plans compatible with Internal Revenue Code § 529 (529 Plans). 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.

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

General Fund	1,220,800
Postsecondary Education Fund	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 is estimated to distribute 4,000 grants averaging \$708.

Postsecondary Education Grant Program

The JLBC includes \$5,300,000 and 3 FTE Positions from the General Fund for the Postsecondary Education Grant Program (PEG) in FY 2008 and FY 2009. This amount would fund the following adjustment:

Web-Based Database	GF	300,000	300,000
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The JLBC includes 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.

The JLBC also includes a new footnote allowing the commission to use up to \$500,000 of the PEG appropriation in FY 2008 for administration of the

program. The FY 2007 Higher Education Budget Reconciliation Bill (Laws 2006, Chapter 352) appropriated \$5 million 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.

Chapter 352 established the Postsecondary Education Grant Program. This grant program distributes up to \$2,000 to full 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 will 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 will utilize an Access data-based system to begin awarding grants in February 2007. This database will collect the student's information, that of the institutions, as well as forgivable loan 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.

Private Postsecondary Education Student Financial Assistance Program

The JLBC includes \$400,000 from the General Fund for the Private Postsecondary Education Student Financial Assistance Program (PFAP) in FY 2008 and FY 2009. This amount is unchanged from FY 2007.

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

Twelve Plus Partnership

The JLBC includes \$130,500 and 0.3 FTE Position from the Postsecondary Education Fund for the Twelve Plus Partnership (TPP) in FY 2008 and FY 2009. This amount would fund the following adjustment:

Program Funding	OF	10,300	10,300
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The JLBC includes 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 remaining 5% funds Think College. Private gifts, donations of service, and corporate sponsorships support TPP.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

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 2008 and FY 2009. 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 educational 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 2008 and FY 2009.

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.

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 SPECIAL LINE ITEMS. *Expands transfer limit to new Postsecondary Education Grant Program created in FY 2007.*

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 special line items and for additional responsibilities prescribed in A.R.S. § 15-1851 and A.R.S. § 15-1852.

New Footnotes

Of the \$5,300,000 appropriated for the Postsecondary Education Grant Program, up to \$500,000 may be allocated for the administration of the program in FY 2008 and FY 2009. *Expands provision from FY 2007 Higher Education Budget Reconciliation Bill.*

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
Postsecondary Education Fund (PEA2405/A.R.S. § 15-1853)		Appropriated
Source of Revenue: Monies appropriated by the Legislature, monies received from state agencies and political subdivisions of the state, monies received from the federal government, and/or private gifts, grants and donations. The commission must separately account for monies received from each source.		
Purpose of Fund: 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.		
Funds Expended	2,187,900	2,930,800
Year-End Fund Balance	96,400	55,400
Private Postsecondary Education Student Financial Assistance Fund (PEA2128/A.R.S. § 15-1854)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature.		
Purpose of Fund: 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 in the state.		
Funds Expended	0	0
Year-End Fund Balance	117,800	132,800
Arizona Teachers Incentive Program Fund (PEA2249/A.R.S. § 15-1851)		Non-Appropriated
Source of Revenue: Monies collected as repayment from students who do not meet the conditions of the loan program.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	0	0