

Commission for Postsecondary Education

	FY 2011 ACTUAL	FY 2012 ESTIMATE	FY 2013 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0
Personal Services	110,700	126,700	126,700
Employee Related Expenditures	51,000	59,200	59,200
Professional and Outside Services	51,200	5,900	5,900
Travel - In State	1,000	1,100	1,100
Other Operating Expenditures	151,200	204,300	204,300
OPERATING SUBTOTAL	365,100	397,200	397,200
SPECIAL LINE ITEMS			
Arizona College and Career Guide	100	21,200	21,200
Arizona Minority Educational Policy Analysis Center	13,500	99,900	99,900
Family College Savings Program	153,000	148,600	148,600
Leveraging Educational Assistance Partnership	3,613,000	4,264,500	4,264,500
Math and Science Teacher Initiative	0	176,000	176,000
Twelve Plus Partnership	28,700	130,500	130,500
AGENCY TOTAL	4,173,400	5,237,900^{1/}	5,237,900
FUND SOURCES			
General Fund	1,220,800	1,396,800	1,396,800
<u>Other Appropriated Funds</u>			
Postsecondary Education Fund	2,952,600	3,841,100	3,841,100
SUBTOTAL - Other Appropriated Funds	2,952,600	3,841,100	3,841,100
SUBTOTAL - Appropriated Funds	4,173,400	5,237,900	5,237,900
Other Non-Appropriated Funds	149,600	404,200	404,200
Federal Funds	125,300	1,200,000	1,200,000
TOTAL - ALL SOURCES	4,448,300	6,842,100	6,842,100

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.

Operating Budget

The Baseline includes \$397,200 and 3.5 FTE Positions from the Postsecondary Education Fund in FY 2013 for the operating budget. These amounts are unchanged from FY 2012.

Arizona College and Career Guide

The Baseline includes \$21,200 from the Postsecondary Education Fund in FY 2013 for the Arizona College and Career Guide Special Line Item (SLI). This amount is unchanged from FY 2012.

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 Baseline includes \$99,900 and a 0.2 FTE Position from the Postsecondary Education Fund in FY 2013 for the Arizona Minority Educational Policy Analysis Center (AMEPAC) SLI. These amounts are unchanged from FY 2012.

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

^{1/} In addition to these amounts, a total of \$16,000 OF is appropriated in FY 2012 for costs associated with an additional pay period.

Family College Savings Program

The Baseline includes \$148,600 and 1 FTE Position from the Postsecondary Education Fund in FY 2013 for the Family College Savings Program (FCSP). These amounts are unchanged from FY 2012.

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. The commission oversees 3 FCSP providers, 2 of which have multiple investment offerings in their plans.

Leveraging Educational Assistance Partnership

The Baseline includes \$4,264,500 for the Leveraging Educational Assistance Partnership (LEAP) in FY 2013. These amounts consist of:

	FY 2013
General Fund	\$1,220,800
Postsecondary Education Fund	3,043,700

These amounts are unchanged from FY 2012.

LEAP is a 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).

The federal portion of these funds was eliminated in FY 2012. *(Please see Other Issues for Legislative Consideration for more information.)*

Math and Science Teacher Initiative

The Baseline includes \$176,000 from the General Fund in FY 2013 for the Math and Science Teacher Initiative. This amount is unchanged from FY 2012.

The program offers forgivable loans to students pursuing a teaching degree at a postsecondary institution and who agree to teach math, science, or special education at an Arizona public school upon graduation. The legislation allows the commission to retain up to 10% of the annual fund deposit for administration costs. The commission may also use the interest deposited into the fund for administration costs of the loan repayment portion of the program. *(Please see Other Issues for Legislative Consideration for more information.)*

Twelve Plus Partnership

The Baseline includes \$130,500 and a 0.3 FTE Position from the Postsecondary Education Fund in FY 2013 for the Twelve Plus Partnership (TPP). These amounts are unchanged from FY 2012.

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 2013. The appropriations shall be adjusted as necessary to reflect actual final receipts credited to the Postsecondary Education Fund.

Each participating institution, public or private, in order to be eligible to receive state matching funds under the Leveraging Educational Assistance Partnership 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 Leveraging Educational Assistance Partnership. 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 2013.

Any unencumbered balance remaining in the Postsecondary Education Fund on June 30, 2012 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.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Status of Leveraging Educational Assistance

Partnerships

LEAP was originally created as a federal, state, and institution partnership to provide financial assistance to students demonstrating substantial financial need. However, federal funding and authority was eliminated in FY 2012 by Public Law 112-10, Department of Defense and Full-Year Continuing Appropriations Act, 2011. In FY 2012, awards will be provided through 40 postsecondary institutions. Of the total funding distributed, 33% will go to public universities, 54% to community colleges, 4% to private technical schools, and 9% to private 2- and 4-year colleges.

There are several possible options to use future LEAP funding from the state and institutions. For example, the program could continue operating in the status quo or the funding could be used to target recipients of a certain type of institution.

Repayment Programs

The commission currently administers repayment programs for unforgiven loans from the Private Postsecondary Education Student Financial Assistance Program (PFAP) and the non-appropriated Paul Douglas Teacher Scholarship (PDTs). In addition, the commission will begin to administer repayment programs for unforgiven loans from the Postsecondary Education Grant (PEG) program and the Math and Science Teacher Initiative Loan Repayment Program (MSSE) starting in FY 2012.

PFAP

Prior to FY 2011, PFAP distributed awards of up to \$2,000 annually, for up to 2 years, to qualified community college graduates enrolled at a private baccalaureate degree granting institution chartered in Arizona, pursuant to A.R.S. § 15-1854. The PFAP program has not been funded since FY 2010, but the repayment process for

existing unforgiven loans remains. Repayments are deposited into the Private Postsecondary Education Student Financial Assistance Fund. If a grantee does not earn a baccalaureate degree within 3 years, the grantee must repay the commission all award monies. When a grantee refuses to repay award monies or cannot be located, the Office of the Attorney General takes over administration of the repayment process.

Repayment has been required from 181 former PFAP grantees since the program began. Since December 2010, 44 have completed their payment obligation, 20 have been deemed uncollectible by the Office of the Attorney General, 5 have had their repayments forgiven due to medical reasons, 3 have been abated because the grantee is now deceased, and 109 still need to complete repayment. Only 13 of these 109 grantees are currently making repayments.

PEG

Prior to FY 2011, PEG distributed awards up to \$2,000 annually, for up to 4 years, to full-time and part-time students enrolled at a private baccalaureate degree-granting institution, pursuant to A.R.S. § 15-1855. The awards are forgiven if a student recipient earns a baccalaureate degree within 5 years. The program has not been funded since FY 2010, but the repayment process remains (though not started until FY 2012) for existing unforgiven loans. Repayments will be deposited into the Postsecondary Education Grant Program Fund.

MSSE

As of July 1, 2011, the commission has taken over responsibility for the MSSE program, which was transferred from the Arizona Board of Regents by Laws 2010, Chapter 332. Loans provided under the program may be forgiven if the grantee works as a teacher in Arizona for 1 year, plus 1 year for each year the grantee was awarded payment.

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Early Graduation Scholarship Fund (PEA2364/A.R.S. § 15-105)		Non-Appropriated
Source of Revenue: Monies received from the Department of Education on behalf of students who graduate early, pursuant to A.R.S. § 15-105.		
Purpose of Fund: For education scholarships awarded to eligible Arizona high school students who graduate at least 1 year early, enabling them to attend a postsecondary institution. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	571,500	497,200
Family College Savings Program Trust Fund (PEA3121/A.R.S. § 15-1873B)		Non-Appropriated
Source of Revenue: Fees paid by financial institutions which are contracted to serve as program managers of assets.		
Purpose of Fund: For operating expenses and administrative costs of the Arizona Family College Savings Program.		
Funds Expended	149,600	351,500
Year-End Fund Balance	52,400	177,900

SUMMARY OF FUNDS	FY 2011 Actual	FY 2012 Estimate
Federal Grant Fund (PEA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grant revenue.		
Purpose of Fund: Federal grant revenues to be used by the commission as specified by the grant(s).		
Funds Expended	125,300	1,200,000
Year-End Fund Balance	1,279,600	1,279,600
Mathematics, Science, and Special Education Teacher Student Loan Fund (PEA2358/A.R.S. § 15-1784)		Non-Appropriated
Source of Revenue: Legislative appropriations and repayments of principal and interest of issued loans.		
Purpose of Fund: To provide up to 5-year loans to eligible in-state students pursuing a teaching degree in mathematics, science, and special education at a state university and who agree to a service commitment to teach in a public school. General Fund expenditures are not displayed to avoid double counting. The Education Omnibus Bill (Laws 2010, Chapter 332) shifts the administrative responsibilities of the program from the Arizona Board of Regents (ABOR) to the Commission for Postsecondary Education and broadens the participating schools to include any qualifying postsecondary institution beginning in FY 2012.		
Funds Expended	0	0
Year-End Fund Balance	0	69,600
Postsecondary Education Fund (PEA2405/A.R.S. § 15-1853)		Partially-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.		
Appropriated Funds Expended	2,952,600	3,841,100
Non-Appropriated Funds Expended	0	52,700
Year-End Fund Balance*	369,800	(809,200)
Postsecondary Education Grant Program (PEA2530/A.R.S. § 15-1855)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature. Program was not funded in FY 2011 or FY 2012.		
Purpose of Fund: For tuition grants awarded to full and part-time students enrolled at a private baccalaureate degree granting institution. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	29,100	29,100
Private Postsecondary Education Student Financial Assistance Fund (PEA2128/A.R.S. § 15-1854)		Non-Appropriated
Source of Revenue: Monies appropriated by the Legislature. Program was not funded in FY 2011 or FY 2012.		
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. Expenditures from this fund are not displayed to avoid double counting of appropriated funds.		
Funds Expended	0	0
Year-End Fund Balance	4,200	4,200
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

*As reported by the agency. Actual ending balance will not be negative.