

Commission for Postsecondary Education

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	5.0	5.0	5.0 ^{1/}
Personal Services	69,400	118,900	118,900
Employee Related Expenditures	33,000	53,000	51,700
Professional and Outside Services	16,100	0	0
Other Operating Expenditures	(2,800)	12,400	13,000
Equipment	1,000	0	0
OPERATING SUBTOTAL	116,700	184,300	183,600
SPECIAL LINE ITEMS			
Arizona College and Career Guide	100	21,300	21,300 ^{2/}
Arizona Minority Educational Policy Analysis Center	13,300	100,000	100,000 ^{2/}
Leveraging Educational Assistance Partnership	2,319,500	2,319,500	2,319,500 ^{3/}
Math and Science Teacher Initiative	176,000	176,000	176,000
Twelve Plus Partnership	70,500	130,500	130,500 ^{2/}
AGENCY TOTAL	2,696,100	2,931,600	2,930,900 ^{4/5/}
FUND SOURCES			
General Fund	1,396,800	1,396,800	1,396,800
<u>Other Appropriated Funds</u>			
Postsecondary Education Fund	1,299,300	1,534,800	1,534,100
SUBTOTAL - Other Appropriated Funds	1,299,300	1,534,800	1,534,100
SUBTOTAL - Appropriated Funds	2,696,100	2,931,600	2,930,900
Other Non-Appropriated Funds	1,131,600	723,100	723,100
Federal Funds	34,300	10,000	10,000
TOTAL - ALL SOURCES	3,862,000	3,664,700	3,664,000

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 budget includes \$183,600 and 4.5 FTE Positions from the Postsecondary Education Fund in FY 2017 for the operating budget. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes a decrease of \$(700) from the Postsecondary Education Fund in FY 2017 for statewide adjustments. (Please see the Agency Detail and Allocations section.)

- ^{1/} Includes 0.5 OF FTE Positions funded from Special Line Items in FY 2017.
- ^{2/} The appropriations for the Arizona College and Career Guide, Arizona Minority Educational Policy Analysis Center and Twelve Plus Partnership are estimates representing all monies distributed to these funds, including balance forward, revenue and transfers, during FY 2017. The appropriations shall be adjusted as necessary to reflect actual final monies credited to the Postsecondary Education Fund. (General Appropriation Act footnote)
- ^{3/} Each participating institution, public or private, in order to be eligible to receive state matching monies 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 may not exceed 12% of the funds in FY 2017. (General Appropriation Act footnote)
- ^{4/} Any unencumbered balance remaining in the Postsecondary Education Fund established by A.R.S § 15-1853 on June 30, 2016, and all grant monies and other revenues received by the Commission for Postsecondary Education, when paid into the State Treasury, are appropriated for the specific 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)
- ^{5/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Arizona College and Career Guide

The budget includes \$21,300 from the Postsecondary Education Fund in FY 2017 for the Arizona College and Career Guide line item. This amount is unchanged from FY 2016.

This line item funds cost associated with the Arizona College and Career Guide, which is an annual publication that lists Arizona's 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 includes \$100,000 and a 0.2 FTE Position from the Postsecondary Education Fund in FY 2017 for the Arizona Minority Educational Policy Analysis Center (AMEPAC) line item. These amounts are unchanged from FY 2016.

AMEPAC promotes minority students' access to Arizona's postsecondary educational institutions.

Leveraging Educational Assistance Partnership

The budget includes \$2,319,500 for the Leveraging Educational Assistance Partnership (LEAP) in FY 2017. This amount consists of:

	<u>FY 2017</u>
General Fund	\$1,220,800
Postsecondary Education Fund	1,098,700

These amounts are unchanged from FY 2016.

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 more information.)*

In FY 2015, awards were provided through 40 postsecondary institutions. Of the total funding distributed, 32% went to public universities, 55% to community colleges, and 13% to private institutions.

Math and Science Teacher Initiative

The budget includes \$176,000 from the General Fund in FY 2017 for the Math and Science Teacher Initiative. This amount is unchanged from FY 2016.

The program, also known as the Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE), 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. A.R.S. § 15-1784 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.

Twelve Plus Partnership

The budget includes \$130,500 and a 0.3 FTE Position from the Postsecondary Education Fund in FY 2017 for the Twelve Plus Partnership (TPP). These amounts are unchanged from FY 2016.

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.

Other Issues

Repayment Programs

The commission currently administers repayment programs for unforgiven loans from the Private Postsecondary Education Student Financial Assistance program (PFAP) and the Postsecondary Education Grant (PEG) program, both of which are no longer awarding new grants. In addition, the commission administers repayment programs for unforgiven loans from the MSSE, and the non-appropriated Paul Douglas Teacher Scholarship (PDTs). Loan collections are returned to their respective program fund.

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 2011, 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.

There have been 1,651 students awarded PFAP forgivable loans since its inception in 1996. A total of 20 borrowers are currently being tracked in the repayment program or will be placed in repayment once located. The commission has turned over 66 of these loans to the Attorney General for collections.

The commission may use PFAP funds to administer PEG collections. At the end of FY 2015, the PFAP fund had a balance of \$33,900. The commission reported it expects to use at least \$5,100 of PFAP funds in FY 2016 to identify PEG students who have not met the loan requirements.

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 PEG Program Fund.

There have been 4,478 students awarded PEG forgivable loans since its inception in 2007. Of those recipients, 2,897 graduated with a baccalaureate degree and 18 are working to complete their degree. The remaining 1,563 are reported as not enrolled at an institution and are being located to determine their enrollment or graduation status. The commission has not yet determined any of these loans to be uncollectible and therefore, has not referred them to the Attorney General.

The commission may contract with a third-party vendor to collect outstanding PEG debt. The commission has not yet selected a third-party vendor to collect debt, but plans to once it identifies students who did not meet loan forgiveness requirements. Once a vendor is selected, the

commission is allowed to use PFAP funds to administer PEG collections.

MSSE

There have been 254 students awarded MSSE forgivable loans since its inception in FY 2007. Of those recipients, 134 completed the loan requirements and had their loan forgiven, 8 have paid their loan balance in full, 33 are currently in repayment, 12 have had their loans referred to the Attorney General, and 67 will require tracking for up to 15 years to ensure they meet the promissory note obligations and to determine retention rates.

PDTS

There have been 254 students awarded PDTS forgivable loans. Of those recipients, 2 are in default. All others have completed their obligation by fulfilling the teaching requirements of the program or repaying their loan in full.

Family College Savings Plan

The Family College Savings Program (FCSP) was established pursuant to Laws 1997, Chapter 171. It enables parents to save 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 \$15 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 2004, A.R.S. § 15-1873 established the Family College Savings Program Trust Fund, which is a non-appropriated fund. The FCSP Trust Fund directly receives FCSP fee revenues.