

ARIZONA HOUSE OF REPRESENTATIVES
Fiftieth Legislature – First Regular Session

**COMMITTEE ON HIGHER EDUCATION,
INNOVATION AND REFORM**

Minutes of Meeting
Wednesday, March 23, 2011
House Hearing Room 2 -- 9:00 a.m.

Chairman Court called the meeting to order at 9:06 a.m. and attendance was noted by the secretary.

Members Present

Mr. Arredondo
Mr. Chabin
Mrs. Goodale

Miss Reeve
Mr. Saldate

Mr. Vogt
Mr. Court, Chairman

Members Absent

Mr. Montenegro (excused)

Mr. Forese, Vice-Chairman (excused)

Committee Action

SB1213 - DPA (7-0-0-2)
SB1217 - DP (4-3-0-2)

SCR1005 - NOT ASSIGNED

CONSIDERATION OF BILLS

SCR1005 - aircraft license tax; technical correction(now: private sector colleges; support) - NOT ASSIGNED

Chairman Court stated that SCR1005 has not been assigned at this time, but that a special meeting will be held to address this and one other bill.

SB1213 - community college districts; alternative formation - DO PASS AMENDED

Mr. Vogt moved that SB1213 do pass.

Mr. Vogt moved that the Court two-page amendment dated 3/22/11 (Attachment 1) be adopted.

Jennifer Anderson, House Research Analyst, explained that SB1213 outlines an alternative process by which a provisional community college district may convert to an independent community college district (Attachment 2) for counties that do not meet the current statutory

threshold regarding population and minimum assessed valuation. Currently, Arizona has ten independent community college districts and two provisional community college districts.

Ms. Anderson explained that the Court amendment:

- allows a district to seek voter approval to raise a primary property tax levy rather than the rate
- requires a district to maintain accreditation
- prohibits receipt of state equalization aid

Ms. Anderson stated that, with this amendment, SB1213 will have no state fiscal impact.

Senator Sylvia Allen, sponsor, provided background of Gila Community College (GCC) and its agreement with Eastern Arizona College (EAC). She explained that the intent of this bill is to remove roadblocks to accreditation; it is up to the provisional community college district's governing board to determine when to convert from provisional to independent status.

Larry Stephenson, Gila Community College Governing Board Member, stated his support for SB1213, which is the only way a small county like Gila County could become an independent community college district.

Chairman Court asked if the Board looked at the financials to determine if the county can support the school. Mr. Stephenson replied that the Board is trying to identify a path to independence and eventually accreditation; he expects a five- to six-year path to independence.

Chairman Court stated that the district would remain provisional until the requirements are met. Mr. Stephenson replied that he is aware of that, and expects to continue to contract with EAC while attempting to transition towards independence.

Shirley Dye, representing self, appeared in support of SB1213. She stated that she is a resident of Gila County and believes that this opportunity to have a community college available to her children and grandchildren is very important.

Chris Tilley, representing self, appeared in support of SB1213. She stated that the county has been paying for the college all along, as well as the 25 percent overhead that is paid to EAC. She stated that the county has no control and this bill will provide that opportunity.

Don Ascoli, representing self, testified in support of SB1213, stating that this is a goal that unites both Republican and Democratic citizens of Gila County. He stressed the importance of having control over the college.

Lew Levenson, representing self, stated his support for SB1213, which will remove road blocks to bringing better education to the people of Gila County. He distributed letters of support (Attachment 3).

Chairman Court announced the names of those who signed up in support of SB1213 but did not speak:

Dennis Miller, Santa Cruz Provisional Community College District

Marcelino Varona, Santa Cruz County Provisional Community College District Governing Board
Ryan Harper, Gila Community College

Question was called on the motion that the Court two-page amendment dated 3/22/11 (Attachment 1) be adopted. The motion carried.

Mr. Vogt moved that SB1213 as amended do pass. The motion carried by a roll call vote of 7-0-0-2 (Attachment 4).

SB1217 - shared revenues; provisional community colleges - DO PASS

Mr. Vogt moved that SB1217 do pass.

Paul Benny, Majority Assistant Analyst, explained that Proposition 301, passed by the voters in 2000, consisted of several educational reform measures, one of which raised the state's transaction privilege (sales) tax rate by 0.6 percent. A portion of the total revenue collected each fiscal year is allocated to each community college district's Workforce Development Account for the purpose of workforce development and job training. Each community college is required to submit an annual plan outlining the purpose and goals for the expenditure of these monies. He explained that SB1217 includes provisional community college districts in the distribution of Proposition 301 Workforce Development monies (Attachment 5).

Mr. Arredondo asked if this will take money away from other community colleges. Mr. Benny replied in the affirmative, explaining that it will redistribute proportionately, so if more colleges qualify, each will receive less. He added that statute states that workforce monies must be used for workforce development and job training.

Mrs. Goodale asked if those dollars will go to Eastern Arizona College (EAC) or stay with Gila Community College (GCC). Mr. Benny stated that they will stay with GCC, the provisional community college.

In response to a request from Mr. Saldate for information about the financial impact on the budget for Pima Community College, Mr. Benny distributed a Joint Legislative Budget Committee handout with the dollar amounts (Attachment 6). Each college will receive \$200,000 as well as additional amounts based on FTSE (full-time student equivalent). Without the provisional community colleges, Pima Community College would receive \$1.9 million; but with the addition of the two provisional community colleges, Pima would receive \$1.8 million.

Senator Sylvia Allen, sponsor, informed the Members that GCC offers some workforce development courses but currently does not receive any funding for them even though Proposition 301 taxes are paid in the county. She stated that, although provisional, GCC has received the same budget cuts as the independent community colleges. She said that this is a tax fairness issue for the residents of Gila and Santa Cruz counties.

Kristen Boilini, Northland Pioneer College, Cochise Community College, signed up in opposition to SB1217. She explained that a community college cannot offer workforce development courses unless it is accredited, such as EAC. Discussion ensued about FTSE funds

and workforce development courses. Ms. Boilini stated that non-credit courses are available, but the state does not want to fund those. She added that Proposition 301 is very clear about how funds are to be used, except for fund transfers through an independent community college to a provisional community college.

Mr. Chabin asked who has the authority for accreditation. Ms. Boilini stated that accreditation comes through North Central, a regional accrediting body, and budget funds cannot be used for non-credit courses; nor do the FTSE numbers apply.

Mr. Chabin stated that the Arizona Board of Regents governs the universities, but not the community colleges. Ms. Boilini concurred and added that, by law, the Department of Education governs the community colleges and distributes the funds. Miss Reeve clarified that the State Treasurer actually transfers the funds.

Alisa Lyons, Arizona Community College Presidents' Council, expressed concern about this bill, explaining that all accredited educational services for Gila students are provided through a contract with EAC. Until Gila is accredited, she is not clear about how these dollars will be spent in the 5 to 12 years that it could take to achieve accreditation.

Chairman Court asked if the Gila tax dollars should be used to develop its own workforce, rather than be distributed to every community college in the state. Ms. Lyons answered in the affirmative and explained that this bill will not do that. Discussion ensued.

Mr. Chabin asked if a provisional community college district board can choose which independent college to contract with and if it fails, would the contract the money be lost. Ms. Lyons stated that there is nothing in the legislation to cause a return of dollars in that situation. She added that there is nothing in statute that states that only one contract can exist.

Mr. Arredondo stated that accreditation means a lot, and that Proposition 301 dollars should be for accredited courses only. Discussion ensued about the accreditation process, which is a phased process that can take up to 12 years.

Ryan Harper, Gila Community College, appeared in support of SB1217. He further described the current arrangement between GCC and EAC, wherein GCC's contract with EAC provides accreditation; GCC buys programs from EAC. He explained that the funding formulas are the same for provisional and independent community colleges.

Chairman Court asked how GCC will use the Proposition 301 monies. Mr. Harper replied that GCC would use the monies for workforce development through EAC.

Mr. Harper stressed that provisional districts are just like independent districts with classrooms, libraries, and campuses. He added that a high percentage of GCC students transfer to one of the state's universities to continue their education.

Larry Stephenson, Gila Community College Governing Board Member, stated his support for SB1217, which will enable provisional community colleges to receive Proposition 301 workforce development funds. He addressed Members' questions by explaining that GCC

cannot hold Proposition 301 monies until accreditation is achieved, and certificates awarded will say EAC, not GCC.

Ms. Anderson, referring to Attachment 6, explained that under current statute each independent community college district receives \$200,000 and any remaining money is distributed by FTSE allocation. If SB1217 passes, the initial \$200,000 must be paid to each of the two provisional districts as well (GCC and Santa Cruz Community College); this will reduce the remaining money which is then distributed by FTSE.

Ms. Anderson explained that an alternative favored by Ms. Boilini and Ms. Lyons would leave the two \$200,000 amounts with the independent districts, which would add the FTSEs from the provisional contracts to their allocations.

Miss Reeve asked what the independent district does to provide accreditation to a provisional district. Ms. Boilini explained that all aspects must meet the standards of an accredited community college, including staff, faculty, and curriculum. She further explained that the independent district will receive its \$200,000 as well as the provisional district's \$200,000 and that this is not fair to all the community colleges.

Miss Reeve expressed concern that a provisional college will get \$200,000, the same as a full-fledged independent community college.

Senator Allen stated that this is the first time she has heard that community colleges do not want to share the Proposition 301 monies. She added that the State of Arizona created the provisional status although GCC wanted to be an independent district. The provisional status leaves the college in limbo and this legislation can make the fund distribution fair to all the community colleges at this time. Discussion ensued.

Shirley Dye, representing self, testified in support of SB1217, explaining that Gila County is 97 percent forest and residents must pay a premium property tax because the county does not have a huge tax base. It receives some federal forest income, but not much in the way of sales tax income. Right now workforce development programs at GCC are provided by EAC, which is paid out of Gila County's property tax and other available monies; GCC pays EAC 25 percent overhead for each course. EAC receives those funds, plus its \$200,000; Gila County and Santa Cruz do not receive the \$200,000 allotments.

Don Ascoli, representing self, signed up in support of SB1217. He stressed that GCC does everything, but is called provisional and is not accredited. He stated that state law has created this situation and requested that the workforce funds be distributed to all community colleges.

Michael Racy, Pima College, stated his opposition to SB1217. He stated that the issue is not about the distribution of tax dollars. There are inequities throughout the tax code. Gila County has not contributed the dollars to qualify for Proposition 301 funds, nor does Santa Cruz County. He stated that FTSE numbers should be counted, but the base \$200,000 allotment should not go to non-accredited provisional community colleges.

Chairman Court announced the names of those who signed up in support of SB1217 but did not speak:

Chris Tilley, representing self

Dennis Miller, Santa Cruz Provisional Community College

Marcelino Varona, Santa Cruz County Provisional Community College District Governing Board

Mr. Arredondo asked the sponsor what she would like to do at this time. Senator Allen explained that any monies that can be obtained for GCC will be beneficial. She expressed willingness to compromise and to amend the legislation to separate the base dollars from the FTSE dollars.

Question was called on the motion that SB1217 do pass. The motion carried by a roll call vote of 4-3-0-2 (Attachment 7).

Without objection, the meeting adjourned at 11:08 a.m.

Jane Dooley, Committee Secretary
April 28, 2011

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)