

ARIZONA HOUSE OF REPRESENTATIVES
Fifty-first Legislature – First Regular Session

**COMMITTEE ON HIGHER EDUCATION AND
WORKFORCE DEVELOPMENT**

Minutes of Meeting
Wednesday, February 6, 2013
House Hearing Room 1 -- 10:00 a.m.

Chairman Dial called the meeting to order at 10:04 a.m. and attendance was noted by the secretary.

Members Present

Ms. Alston
Mr. Coleman
Mr. Larkin

Mr. Saldate
Mr. Stevens
Mr. Thorpe

Mr. Orr, Vice-Chairman
Mr. Dial, Chairman

Members Absent

None

Committee Action

HB2203 – DPA (8-0-0-0)
HB2265 – DPA (8-0-0-0)

HB2498 – DP (8-0-0-0)

CONSIDERATION OF BILLS

HB2203 - tax credit; state university foundation – DO PASS AMENDED

Vice-Chairman Orr moved that HB2203 do pass.

Brooke White, Majority Analyst, explained that HB2203 establishes a tax credit for contributions to an Arizona university foundation. The bill limits the credit to \$250 per year for an individual or head of household and \$500 per married couple filing jointly (Attachment 1). HB2203 allows the tax credit to be carried forward for up to five years if the credit exceeds the claimant's income tax liability.

Vice-Chairman Orr moved that the Dial 15-line amendment dated 2/4/13 (Attachment 2) be adopted.

Ms. White advised that the Dial 15-line amendment dated 2/4/13 permits the contribution to be made to an Arizona university rather than to a foundation and stipulates the contribution may not be made for the benefit of a particular individual in order to qualify for the credit (Attachment 2). The amendment reduces the credit amount to \$100 annually for an individual or head of household and \$200 per married couple filing jointly and specifies that the credit is allowed beginning in taxable year 2014.

Ms. Alston questioned a university's obligation to create a separate fund relating to contributions made to a university rather than a university foundation. Ms. White advised that the bill is silent on the issue.

Representative Bob Robson, sponsor, stated that contributions cannot benefit any particular individual or university. He advised the intent of HB2203 is to direct contributions to a university foundation and that the amendment was requested by the Arizona Department of Revenue (DOR) to address a change in language.

In response to Members' questions, Representative Robson stated that he would be open to an additional amendment depending upon DOR's approval.

R.F. "Rick" Shangraw, Jr, CEO/President, ASU Foundation, testified in favor of HB2203 and expressed the importance of promoting philanthropy. He said that the intent of the bill is to expand the donor base and encourage donors to become more involved in the universities.

Vice-Chairman Orr announced the names of those who signed up in support of HB2203 but did not speak:

Katy Yanez, Director of Government Affairs, Northern Arizona University
Mary Ann Miller, Tempe Chamber of Commerce
Timothy Bee, Associate Vice President, State Relations, University of Arizona
Steve Miller, Deputy Vice President of Public Affairs, Arizona State University
Tom Dorn, Lobbyist, East Valley Chambers of Commerce Alliance
Michael Haener, Lobbyist, Arizona State University

Vice-Chairman Orr announced the names of those who signed up as neutral on HB2203 but did not speak:

Sean Laux, Legislative Liaison, Arizona Department of Revenue
Leonard Clark, representing self

Question was called on the motion that the Dial 15-line amendment dated 2/4/13 (Attachment 2) be adopted. The motion carried.

Vice-Chairman Olson moved that HB2203 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 3).

PRESENTATIONS

Maricopa Community Colleges

Dr. Rufus Glasper, Chancellor, Maricopa Community Colleges, introduced a video presentation produced in conjunction with the state universities. The video focused on the student pathway program and highlighted the partnership between community colleges and state universities in providing students a seamless transfer to a state university. He supplied Members with an informational packet including details on the Arizona Sun Corridor Get Into Energy Consortium and the courses offered at Maricopa Community Colleges (Attachment 4).

Dr. Glasper cited statistics on the pathway program and discussed the following areas:

- Establishing a new organization within the ten community college districts
- Hiring an administrator to advance the interest of the entire community college district
- Sharing best practices
- Funding based on performance
- Focusing on workforce development
- Growing Arizona's economy
- Expanding programs for skilled technicians
- Building on stackable credentials
- Training allied health professionals

In response to Members' questions, Dr. Glasper addressed data center training and the capacity to transfer college credits from out-of-state universities.

Northland Pioneer College

Dr. Jeanne Swarthout, President, Northland Pioneer College, advised of the northern Arizona collaborative effort to produce a skilled workforce for future industries. She explained that Northland Pioneer College serves Navajo and Apache Counties through an intergovernmental agreement with the Navajo Nation, Hopi Indian Tribe and the White Mountain Apache Tribe and covers over 21,000 square miles. Dr. Swarthout described the development of a consortium with Coconino Community College, Mohave Community College and Yavapai Community College to leverage resources and talents. The consortium produced a manufacturing certification program that expands across the entire I-40 corridor. All four community colleges have agreed on the content of the program that is designed to serve each region's specific workforce needs. She described how the portable units move programs to students and provide students with opportunities in mining, manufacturing and the solar industry.

In response to a question, Dr. Swarthout described stated the current working relationship between Northland Pioneer College and the Navajo Nation.

Cochise College

Dr. J.D. Rottweiler, President, Cochise College, stated that the Cochise College is a mission-driven organization serving a diverse county. The college creates opportunities for students to build a foundation of knowledge and skills necessary for lifelong success. This foundation guides students to enrich their quality of life by encouraging habits of mind and allowing them to understand and value the world they live in and contribute to. Dr. Rottweiler advised on the following areas:

- Workforce development issues
- Fort Huachuca military base impact
- Innovation campus website
- Student pathway programs
- Public-private partnerships
- Science, technology, engineering and mathematics (STEM) fields

Dr. Rottweiler stated the influence of technology on society and stressed the necessity of educating additional students in the STEM fields. He said that STEM fields are developing in the elementary schools to create pathways for students in professions ranging from unmanned aerial pilots to allied health professionals.

In response to a question, Dr. Rottweiler described the innovation campus and encouraged Members to visit the website at www.expectmorearizona.org. He stated that Cochise College offers 19 week-long camps to students from 4th to 8th grade that provides a hands-on experience in various STEM fields. He explained that the camps allow students to explore various areas of interest.

Coconino Community College

Dr. Leah Bornstein, President, Coconino Community College (CCC), provided a handout and gave a brief presentation on the following three missions (Attachment 5):

- Transferability to state universities
- Career and technical knowledge education
- Community-Corporate Partnership

Dr. Bornstein reviewed the materials in Attachment 5 and advised that for every dollar invested by the taxpayer, Coconino Community College returns \$15.10. She said that CCC's tuition and fees are 16 percent less than the national community college average while having the lowest property tax rate in Arizona. She expressed the need for additional funding to maintain the sustainability of the college and referenced HB2498.

CONSIDERATION OF BILLS (CONTINUED)

HB2498 - property tax levy; community colleges – DO PASS

Vice-Chairman Orr moved that HB2498 do pass.

Brooke White, Majority Analyst, explained that HB2498 authorizes a community college district to resubmit a primary property tax levy proposal to the voters if an initial proposal was approved between 20 and 35 years prior (Attachment 6). The bill stipulates that the proposed amount cannot be more than twice the authorized levy amount for the same year and specifies that the levy is applicable for the next tax year if approved. If the levy is not approved, the community college district cannot resubmit a new proposal to the voters for at least two years.

Mr. Thorpe, sponsor stated his belief in limited government and taxes. He said that the current primary tax rate in Coconino County is at \$0.39 cents per \$100 of actual value and the secondary tax rate is at \$0.11 cents per \$100 of actual value. In comparison, other community colleges range from \$0.75 cents to \$2.45 per \$100. Mr. Thorpe advised that HB2498 will aid in addressing the huge disparity in tax rates and that any tax increase presented to the voters will be modest.

Dr. Leah Bornstein, President, Coconino Community College (CCC), in support of HB2498, offered to answer questions and introduced Chairman Patrick Hurley.

Patrick Hurley, Chairman, Coconino Community College Governing Board, testified in favor of HB2498 and thanked Representative Bob Thorpe, Representative Brenda Barton and Senator Chester Crandell for co-sponsoring the bill. He stated that HB2498 is imperative to the sustainability of the CCC which provides the community with an affordable and accessible higher education. In the past, CCC's only option for additional revenue was to increase tuition rates to maintain services; HB2498 offers the community college another option towards achieving sustainability.

Jami Van Ess, Vice President of Business and Administration, Coconino Community College, testified in support of HB2498 and reviewed the materials in Attachment 5. She explained CCC's three-tier financial plan consisting of efficiency, critical and crisis levels. In the past, the college has experienced critical financial levels resulting in reduced services and higher tuition.

Dr. Leah Bornstein returned to the podium to emphasize the excellent job CCC has done with its due diligence in using taxpayer dollars. She reiterated the only two options the college has for funding and requested Members' support of the bill.

Vice-Chairman Orr announced the names of those who signed up in support of HB2498 but did not speak:

Kristen Boilini, Lobbyist, Arizona Community Colleges Presidents' Council

J.D. Rottweiler, College President, Cochise College

Christy Farley, Executive Director, Northern Arizona University

Michael Racy, Lobbyist, Pima Community College

Dr. Penny Wills, President, Yavapai Community College

Elizabeth Archuleta, Supervisor, Coconino Board of Supervisors
Ryan Harper, Triadvocates, LLC; Eastern Arizona College
Kevin B. DeMenna, Maricopa County Community College District

Vice-Chairman Orr announced the names of those who signed up as neutral on HB2498 but did not speak:

Leonard Clark, representing self

Vice-Chairman Orr announced the names of those who signed up in opposition to HB2498 but did not speak:

Kevin McCarthy, President, Arizona Tax Research Association

Question was called on the motion HB2498 do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 7).

HB2265 - community colleges; STEM funding – DO PASS AMENDED

Vice-Chairman Orr moved that HB2265 do pass.

Blanca Delgado, Majority Intern, explained that HB2265 replaces capital outlay funding for community colleges with science, technology, engineering and mathematics (STEM) funding and outlines the expenditures that can be made with the monies in the STEM fund (Attachment 8). The bill also requires community colleges to submit a biennial report of the STEM expenditures.

Vice-Chairman Orr moved that the Dial 5-line amendment dated 2/1/13 be adopted (Attachment 9).

Ms. Delgado advised the Dial 5-line amendment dated 2/1/13 (Attachment 9) adds the terms *workforce program* to each referenced STEM in the bill.

Kristen Boilini, Arizona Community College Presidents' Council, testified in support of HB2265 and the Dial amendment. She explained that the capital outlay funding formula is the base funding formula being used for the bill. Ms. Boilini stated that the reason for the amendment is to ensure funds are applied to specific workforce needs and not added to a general budget. She informed Members that the Governor's budget recommendation recommends funding the program at 50 percent for eight of the ten community college districts. She expressed the critical importance of funding all ten of the community college districts.

Vice-Chairman Orr announced the names of those who signed up in support of HB2265 but did not speak:

Michael Racy, Lobbyist, Pima Community College
Dr. Penny Wills, President, Yavapai Community College
Tom Dorn, Lobbyist, East Valley Chambers of Commerce Alliance
J.D. Rottweiler, College President, Cochise College
Ryan Harper, Triadvocates, LLC; Eastern Arizona College
Kevin B. DeMenna, Maricopa County Community College District

Vice-Chairman Orr announced the names of those who signed up as neutral on HB2265 but did not speak:

Leonard Clark, representing self

Question was called on the motion that the Dial 5-line amendment dated 2/1/13 (Attachment 9) be adopted. The motion carried.

Vice-Chairman Orr moved that HB2265 as amended do pass. The motion carried by a roll call vote of 8-0-0-0 (Attachment 10).

Without objection, the meeting adjourned at 11:25 a.m.

Abby Selvey, Committee Secretary
February 22, 2013

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