



State of Arizona Office of the Auditor General

PERFORMANCE AUDIT

**COMMISSION
FOR
POSTSECONDARY
EDUCATION**

**Report to the Arizona Legislature
By Douglas R. Norton
Auditor General
November 1997
Report Number 97-19**



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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

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November 14, 1997

Members of the Arizona Legislature

The Honorable Jane Dee Hull, Governor

Ms. Verna Allen, Executive Director
Arizona Commission for Postsecondary Education

Transmitted herewith is a report of the Auditor General, A Performance Audit of the Arizona Commission for Postsecondary Education. This report is in response to a March 24, 1997, resolution of the Joint Legislative Audit Committee. The performance audit was conducted as part of the Sunset review set forth in A.R.S. §§41-2951 through 41-2957.

The report focuses on the need for the Arizona Commission for Postsecondary Education. The Commission is currently at a turning point. The Commission was created to meet a federal requirement that no longer exists. As a result, the Commission is planning to expand its policy analysis and early awareness activities, which have been limited in the past. The report recommends that the Legislature consider whether it wants the Commission to play an expanded role in these areas. If so, the Commission's statutory and budgetary authority should be changed to clearly specify these roles. If the Legislature does not wish the Commission to perform policy analysis or early awareness activities, it should consider sunsetting the Commission, since other entities could or do perform its other activities.

Because the report recommendations are addressed to the Legislature, the Commission has no role in implementing the recommendations. However, as outlined in its response, the Arizona Commission for Postsecondary Education agrees with those recommendations addressing changes which are needed if the agency is continued.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on November 17, 1997.

Sincerely,

Douglas R. Norton
Auditor General

Enclosure

SUMMARY

The Office of the Auditor General has conducted a performance audit and Sunset review of the Arizona Commission for Postsecondary Education pursuant to a March 24, 1997, resolution of the Joint Legislative Audit Committee. The audit was conducted under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §§41-2951 through 41-2957.

The Commission for Postsecondary Education (Commission) was formed under executive order in 1972 to meet a federal requirement, which no longer exists, that states set up advisory commissions to develop coordinated planning among public and private postsecondary institutions. Between 1972 and 1994, the Commission administered some federal financial aid programs and published postsecondary education guides for students. In 1994, the Commission was formed as a separate state agency, primarily to meet a federal requirement that each state have a separate agency to act as a State Postsecondary Review Entity (SPRE). Each state's SPRE was mandated to review postsecondary educational institutions to determine eligibility for federal financial aid and ensure that only those institutions meeting federal criteria received aid. However, before the Commission ever began to conduct such reviews, federal funding for SPRE was discontinued. Although the federal law still exists, the State is not required to perform SPRE reviews unless funding is restored.

While the Commission is no longer required to perform SPRE activities, statutes require it to conduct other activities, including administering two financial aid programs, supervising the state loan guarantor, providing information to the public about postsecondary opportunities, administering the State's college savings plan, and conducting specific policy studies. A 16-member board appointed by the Governor is charged with carrying out these statutory responsibilities.

Whether the Commission Should Continue to Exist Depends on What Role the Legislature Wants It to Serve (See pages 7 through 13)

The Commission for Postsecondary Education is currently at a turning point. The Commission is currently no longer needed to conduct SPRE activities. As a result, the Commission has developed ambitious plans to conduct policy studies. The Commission is also planning a statewide early awareness effort to inform K-12 students about the need to obtain a higher education. While these activities may be valuable, it is not clear whether they reflect legisla-

tive intent. Indeed, the Commission does not appear to have budgetary authority to conduct such activities. Furthermore, the Commission's indefinite statutory authority, limited number of public members, and lack of staff qualified to perform policy studies also calls into question whether the Commission's proposed activities reflect legislative intent.

The Legislature should decide whether it wishes the Commission to play an expanded role in performing policy analysis and early awareness activities. If the Legislature does not wish the Commission to play a major role in conducting postsecondary educational policy studies or promoting early awareness, it should consider sunseting the Commission. The Commission would not be needed since the Commission's financial aid and other programs could be administered by other state agencies. If the Commission were sunsetted, administrative costs could be reduced by at least \$80,000. The savings could be used to distribute financial aid to an estimated 126 additional students since the Commission's administrative expenses are mostly paid for with financial aid monies contributed by postsecondary education institutions.

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INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit and Sunset review of the Arizona Commission for Postsecondary Education pursuant to a March 24, 1997, resolution of the Joint Legislative Audit Committee. The audit was conducted under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §§41-2951 through 41-2957.

Commission Background and History

The Commission for Postsecondary Education (Commission) was formed under executive order in 1972 to meet a federal requirement, which no longer exists, that states set up advisory commissions to develop coordinated planning among public and private postsecondary institutions. Between 1972 and 1994, the Commission administered some federal financial aid programs and published postsecondary education guides for students. In 1994, the Commission was formed as a separate state agency, primarily to meet a federal requirement that each state have a separate agency to act as a State Postsecondary Review Entity (SPRE). Each state's SPRE was mandated to review postsecondary educational institutions to determine eligibility for federal financial aid and ensure that only those institutions meeting federal criteria received aid. However, before the Commission ever began to conduct such reviews, federal funding for SPRE was discontinued. Although the federal law still exists, the State is not required to perform SPRE reviews unless funding is restored.

The 16-member Commission is comprised of the executive directors of the Arizona Board of Regents, the State Board of Directors for Community Colleges, and the State Board for Private Postsecondary Education. The other 13 commissioners represent various educational entities, including two from the public universities, two from community colleges, two from private postsecondary institutions offering bachelor's or higher degrees, three from private postsecondary institutions offering vocational education programs, two from the high school education system, one from a private cosmetology school, and one from commerce or industry. Commissioners are appointed by the Governor for four-year terms.

Commission Responsibilities and Duties

Although the Commission was formed as a state agency primarily to act as the SPRE, federal funding for SPRE was discontinued in 1995. Subsequently, the federal government no

longer requires states to perform SPRE activities.¹ As a result, the Commission is no longer needed to review institutions' financial aid eligibility, even though the Commission spent over a year developing a process to conduct such reviews. No reviews were actually conducted before the program was discontinued.

While the Commission is no longer required to perform SPRE activities, the Commission's other statutory requirements established at the time of its creation still exist. These requirements include:

- **Administering the State Student Incentive Grant Program**—Statute requires the Commission to administer the State Student Incentive Grant (SSIG) Program. This program provides approximately 5,200 financial aid awards annually to students who attend postsecondary institutions and demonstrate financial need. The program is funded by the State, the federal government, and participating postsecondary institutions. As administrator of this grant program, the Commission distributed approximately \$2.6 million in financial aid to participating institutions in fiscal year 1996-97. The amount of financial aid distributed to each institution is based on the number of Arizona residents enrolled at each institution.
- **Overseeing the state loan guarantor**—Statute requires the Commission to “supervise” the State’s student loan guarantor. The guarantor, a nonprofit loan servicer under contract with the Arizona Department of Administration, guarantees that financial aid lenders will be reimbursed if a borrower defaults on a loan. The Commission has no regulatory authority over the guarantor, although it does informally meet with the guarantor to discuss loan access issues.
- **Providing information to the public**—Statute also requires the Commission to provide information to the public about postsecondary education opportunities. The Commission performs a number of activities to meet this statutory requirement. For example, it produces several publications, including the *Course Equivalency Guide*, a list of courses that can be transferred from the community colleges to the universities; the *College and Career Guide*, a list of postsecondary opportunities in the State; and *Ready for Success*, an academic planning guide for middle school students. In 1996, the Commission published and distributed 92,000 copies of these 3 publications.

In addition to publishing resource materials, the Commission also advertised and conducted a financial aid workshop in February 1997 to help individual students fill out fi-

¹ Laws requiring states to establish SPREs still exist. However, states do not have to resume SPRE functions unless federal funding to conduct these functions is restored. According to congressional staff, the possibility of future funding is unlikely.

nancial aid forms. Approximately 1,600 students attended financial aid workshops at 17 sites statewide.

The Commission is currently beginning a third type of public information effort, a statewide early awareness initiative. The initiative will rely heavily on the media to communicate messages about the need for parents and K-12 students to prepare for postsecondary education. The effort will also work to develop local partnerships to increase students' school attendance and preparation for postsecondary education. As discussed in Finding I (see pages 7 through 13), the Commission is attempting to or already has secured support for this program from Arizona educational institutions, national and state educational organizations, and Arizona businesses.

- **Considering the needs of the unserved**—The Commission is also required by statute to consider “the postsecondary needs of unserved and underserved individuals in this State.” To meet this statutory requirement, the Commission contracted with experts to write two policy studies through the Commission’s policy center, called the Arizona Minority Education Policy Analysis Center.

In 1996 and 1997, the Commission was given several additional statutory responsibilities:

- **Administering the Postsecondary Education Voucher Program**—This program gives community college graduates up to \$1,500 per year to attend a private college or private university to assist them in completing a four-year degree. Sixty students received a total of \$90,000 in grants during fiscal year 1997.
- **Conducting public policy studies**—Effective July 1, 1997, the Commission is required to “study enrollment demand and examine public policy options to accommodate any increase in demand for postsecondary education services, including the role for private and nonprofit sectors.” Additionally, the Commission is required to “promote and encourage coordinated comprehensive instructional and capital planning between and among public and private postsecondary education institutions and systems including telecommunications networks related to postsecondary education.”

Statutory changes made in 1996 allow the Commission to establish “policy centers” to conduct enrollment studies. In addition, the Commission is now required to “study the needs of the unserved and underserved,” not just “consider” such needs as was previously required.

- **Administering the State’s college savings plan**—This plan, signed into law in April 1997, creates a savings plan that will allow families to accumulate state and federal tax-free interest on savings designated for a child’s college education. As administrator of

the program, the Commission will contract with one or more financial institutions to manage savings dollars invested at each financial institution.

In addition to the statutory duties listed above, the Commission is responsible for administering three other financial aid programs. However, these financial aid programs are no longer receiving or have never received funding. These programs are the Arizona Student Program Investing Resources for Education, the Arizona Teachers Incentive Program (ATIP), and the federal Paul Douglas Teacher Scholarship Program. The Commission does still play a minor role in receiving monies returned by ATIP and Paul Douglas scholarship recipients.

Budget and Staff

The Commission for Postsecondary Education currently employs four full-time equivalent (FTE) staff. This represents a decrease from its fiscal year 1996-97 staffing level of 7.8 FTEs. Current staff include an executive director and a half-time FTE who prepares the Commission's budget. The remaining employees are responsible for a variety of activities including administering financial aid, gathering information for the Commission's publications, and coordinating meetings and taking minutes.

For fiscal year 1996-97, the Commission received \$3,239,549 in revenue (see Table 1, page 5). Forty-one percent (\$1,334,000) of its total revenue comes from the General Fund. This amount includes \$1,220,800 for State Student Incentive Grants, \$100,000 for the Arizona Postsecondary Education Voucher Program, and \$13,200 to produce the *Course Equivalency Guide*.

The Commission received the remaining 59 percent of its revenue (\$1,905,549) from a variety of sources. First, it received \$1,223,599 from institutions that participate in the State Student Incentive Grant (SSIG) Program. Second, it received \$537,332 in federal money for the SSIG program. The remaining revenue was raised from various sources, including sales of Commission publications, sales of advertisements in the publications, and grants from other state agencies and public postsecondary institutions.

The Commission expended \$3,216,287 in fiscal year 1996-97. Most of the Commission's administrative expenses were paid out of the SSIG institutional match money, since the federal government prohibits the use of state or federal SSIG monies for administrative purposes.

Table 1

Arizona Commission for Postsecondary Education
Statement of Revenues, Expenditures, and Other Changes in Fund Balance
Years Ended June 30, 1996 and 1997
(Unaudited)

	1996	1997
Revenues:		
State General Fund appropriations	\$1,234,000	\$1,334,000
Federal and institutional contributions ¹	2,340,261	1,760,931
Earnings on investments	42,644	52,267
Sales and charges for services ²	4,131	10,314
Other	24,385	82,037
Total revenues	<u>3,645,421</u>	<u>3,239,549</u>
Expenditures: ³		
Personal services	200,200	241,091
Employee related	41,802	47,301
Professional and outside services	29,142	39,914
Travel, in-state	1,055	1,679
Travel, out-of-state	8,750	8,775
Aid to individuals ⁴	3,381,620	2,790,756
Other operating	62,362	77,637
Total expenditures	<u>3,724,931</u>	<u>3,207,153</u>
Reversions to State General Fund	<u> </u>	<u>9,134</u>
Total expenditures and reversions to State General Fund	<u>3,724,931</u>	<u>3,216,287</u>
Excess of revenues over (under) expenditures and reversions to State General Fund	(79,510)	23,262
Fund balance, beginning of year	<u>272,432</u>	<u>192,922</u>
Fund balance, end of year	<u>\$ 192,922</u>	<u>\$ 216,184</u>

¹ Includes the following monies for the years ended June 30, 1996 and 1997, respectively: State Student Incentive Grant (SSIG) federal contributions, \$1,078,251 and \$537,332; SSIG matching funds from participating institutions, \$1,039,462 and \$1,000,063; and contributions from SSIG participating institutions for Commission administrative costs, \$165,322 and \$223,536.

² Includes revenues from publication sales and advertising in the publications.

³ Each year's expenditures include immaterial administrative adjustments attributable to the prior year.

⁴ Includes grants to Arizona residents in the SSIG and Postsecondary Higher Education Voucher programs.

Source: The Uniform Statewide Accounting System *Revenues and Expenditures by Fund, Program, Organization, and Object* and *Trial Balance by Fund* reports and the *State of Arizona Appropriations Report* for the years ended June 30, 1996 and 1997.

Audit Scope and Methodology

This audit focuses on the need for the Arizona Commission for Postsecondary Education. The report recommends that the Legislature consider whether it wants the Commission to expand its work in policy analysis and early awareness activities. If so, the Commission's statutory and budgetary authority should be changed to clearly specify these roles. If the Legislature does not wish the Commission to perform policy analysis or early awareness activities, it should consider sunseting the Commission, since other entities could or do perform its other activities.

To perform this review, auditors interviewed 11 of the 16 current Commission members. Other representatives interviewed from the education sector included senior staff from the Arizona Education Conference Committee, the University of Phoenix, the Maricopa County Community College District, the Arizona Private School Association, the Department of Education, the State Higher Education Executive Officers Association, the Arizona Students Association, the Morrison Institute, and the Phoenix Unified School District.

Private sector representatives interviewed include representatives from the College Board (a donor for the Commission's early awareness initiative), the Arizona Community Foundation, and financial institutions. Representatives from several state agencies were also contacted, including the Joint Legislative Budget Committee, the Governor's Office of Strategic Planning and Budgeting, the State Treasurer's Office, the Governor's Office of School to Work, and the Attorney General's Office. Representatives from the 12 states with postsecondary commissions that perform policy analysis were also interviewed.

Additionally, auditors reviewed applicable state and federal laws, rules, and executive orders pertaining to Commission responsibilities and programs. Commission minutes for fiscal year 1996-97 and legislative hearing minutes were reviewed to determine the Legislature's intent for establishing the Commission.

This audit was conducted in accordance with government auditing standards.

The Auditor General and staff express appreciation to the Arizona Commission for Postsecondary Education, the Executive Director, and the Commission staff for their cooperation and assistance throughout the audit.

FINDING I

WHETHER THE COMMISSION SHOULD CONTINUE TO EXIST DEPENDS ON WHAT ROLE THE LEGISLATURE WANTS IT TO SERVE

The Legislature needs to decide whether it wants the Commission for Postsecondary Education to continue to develop a new role. The Commission is currently at a turning point. The primary purpose for which it was created no longer exists, and the Commission has begun to play an expanded role in conducting policy analysis. The Commission is also beginning to embark on an ambitious effort to communicate the need to prepare for and obtain a postsecondary education. Consequently, the Legislature should decide whether it wants the Commission to perform these planned activities. If not, the Legislature should consider sunsetting the Commission, since the Commission's other responsibilities could be performed more efficiently by others.

Commission Is at a Turning Point

The Commission for Postsecondary Education is currently at a turning point. The primary purpose for which the Commission was created no longer exists. The Commission has begun to conduct ambitious new efforts, including policy studies on postsecondary educational issues and a statewide early awareness campaign to educate students about the need to obtain higher education. The Legislature should determine whether it wants the Commission to perform these activities, since legislative intent is currently unclear.

Original purpose no longer exists—The Commission was created as a state agency in 1994 to meet a federal requirement that no longer exists. In 1992, the federal government required states receiving federal financial aid for education to establish an agency (called a State Postsecondary Review Entity) in the statutes to review postsecondary educational institutions' eligibility for federal financial aid. The State of Arizona responded by establishing the Commission for Postsecondary Education as a state agency. Previously, the Commission existed under executive order and as a division of the Arizona Board of Regents. At that time, the Commission administered some federal financial aid programs and published education guides for students. The original Commission was formed to meet a federal requirement, no longer in existence, that required states to set up advisory commissions to develop coordinated planning among public and private postsecondary institutions.

In 1995, federal funding for the State Postsecondary Review Entity Program was discontinued, and the federal government stopped requiring states to perform the related activities.

As a result, the Commission was no longer required to review institutions' financial aid eligibility, even though the Commission had spent much of the time since its inception developing rules for conducting such reviews.

Expanded policy analysis and communications activities planned—After the elimination of SPRE funding in 1995, the Commission identified policy analysis and early awareness activities as integral parts of its future efforts. In fact, the Commission's current mission statement is:

"To support and assist Arizona's citizens and education institutions in education awareness and in preparing students for postsecondary access and achievement through effective policy analysis, communication, and financial aid program administration."

The Commission hopes to expand its efforts in the policy analysis and early awareness areas in the next few years. To date, such activities have been limited. In the policy analysis area, the Commission has produced two policy papers, one on state demographic trends in education and the other concerning Arizona's educational expenditures compared to other states. In the future, more policy studies are planned, including a study on minority student workforce achievement in Arizona, a position paper by a business leader on the need for a statewide vision for postsecondary education, and policy studies related to early awareness issues. In addition, beginning in July 1997, A.R.S. §15-1852 requires the Commission to conduct studies related to the demand for postsecondary education.

The Commission also plans to devote much of its attention to an ambitious early awareness campaign over the next several years. This effort represents an expansion of the Commission's activities, which in the past were limited to the Commission publishing several postsecondary education guides for students. Currently, the Commission is identifying supporters for its early awareness efforts. In the next three years, the Commission plans to raise \$900,000 in private sector support for its public awareness and coalition-building activities. The Commission has already received a \$10,000 contribution from the College Board (a private education organization), as well as a commitment for \$570,000 in in-kind resources such as published materials and workshops.

Unclear whether new roles reflect legislative intent—Although policy studies and early awareness activities are central to the Commission's future efforts, it is not clear whether these activities reflect legislative intent. The Legislature has not appropriated any money for either of these purposes.¹ Furthermore, the Commission does not possess budget authority to expend money for its proposed activities. Specifically, appropriations language states that

¹ The Legislature did appropriate \$100,000 in fiscal year 1997-98 for "planning" purposes, although it did not make clear what such purposes include. Accordingly, it is not clear whether such money could be used to conduct policy studies related to planning (such as enrollment demand studies).

“grant monies and other revenues received are for the explicit purposes designated by Special Line Items for which state, federal, institutional, and other monies are received.” Such special line items currently do not include policy studies or early awareness programs. Rather, they are designated for the Commission’s financial aid programs, publication of the *Course Equivalency Guide*, and personnel and general operating expenses. The Commission has requested the Attorney General to deliver an opinion on whether the Commission does indeed have the authority to spend money for its proposed programs.

Recent statutory changes also make it unclear whether the Legislature intends for the Commission to play a large role in conducting postsecondary education policy studies. The Legislature added a statute in 1996 allowing the Commission to perform some types of policy analysis. However, the Legislature specified the topics in statute. Specifically, the Commission is required to “study the postsecondary needs of the unserved and underserved,” issues related to postsecondary enrollment demand, and issues related to the effective and efficient administration of federal and state financial aid programs. Accordingly, it appears that some of the Commission’s recent and proposed studies may exceed statutory authority. For example, the Commission’s study concerning Arizona’s educational expenditures compared to other states and its proposed position paper on the need for a statewide vision for education do not appear to reflect the policy topics permitted by statute.

It is also not clear whether the Legislature intended the Commission to perform its planned early awareness efforts. A.R.S. §15-1851 only requires the Commission to “provide information to the public about postsecondary education opportunities.” Historically, the Commission has played a relatively limited role in this area. The Commission’s planned early awareness efforts, which involve media campaigns and a substantial fund-raising campaign, are a significant expansion over past efforts. Further, these efforts draw the Commission into K-12 activities involving such things as encouraging children to stay in school. However, statutes appear to limit the Commission’s authority to conduct K-12 activities to the Arizona Student Program Investing Resources for Education, a financial aid program that has never been funded.

In addition to uncertain statutory authority, the composition of the Commission itself also calls into question whether the Legislature intends the Commission to play an expanded role in policy analysis. The Commission is comprised mostly of representatives from the education sector. Indeed, only 1 of the Commission’s 16 members represents the public in general. In the 13 other states with commissions that perform postsecondary education policy analysis, many or all of the commission members represent the general public, many of whom are senior-level business leaders.¹ Senior staff from the Florida commission stated that diverse membership and representation from senior-level business leaders gives a

¹ The other states with postsecondary education commissions that perform policy analysis are Alabama, California, Colorado, Florida, Illinois, Indiana, Maryland, Missouri, Ohio, South Carolina, Texas, Virginia, and Washington. Some of these commissions perform activities in addition to policy analysis, such as administering programs.

commission the ability to make policy recommendations to the legislature and the governor regarding controversial policy issues.

The composition of the Commission's staff also calls into question how great a role the Legislature intends the Commission to play in conducting policy studies. The Commission currently does not employ any policy analysts; instead, the Commission contracts for such studies. Conversely, 12 of the 13 other state postsecondary education commissions that perform policy analysis employ many policy analysts to help them conduct their studies. For example, six of the nine staff members of the Florida Postsecondary Planning Commission are policy analysts who hold doctorate degrees, enabling them to perform most policy studies in-house.

If Planned Activities Are Not Desired, the Legislature Should Consider Sunsetting the Commission

If the Legislature does not wish the Commission to play a major role in studying postsecondary educational policy issues or promoting early awareness, it should consider sunsetting the Commission. The Commission would not be needed since the Commission's financial aid and other programs could be administered by other state agencies, one of which performed some Commission activities prior to the Commission becoming a state agency. If the Commission were sunsetted, some efficiencies could be gained and the savings could be used to distribute more financial aid to students since most administrative expenses are currently paid for with financial aid dollars.

Financial aid programs could be administered by others—If the Legislature does not want the Commission to perform an expanded role conducting policy analysis and early awareness programs in the future, it should consider sunsetting the Commission. Other agencies could administer the Commission's other programs, such as its financial aid activities. These activities include administering two financial aid programs, coordinating the State's college savings plan, overseeing the State's student loan guarantor, and providing students with assistance in filling out financial aid application forms. For example, the Board of Regents could administer the State Student Incentive Grant (SSIG) Program, as it did prior to the Commission's inception in 1994. Similarly, the Voucher Program, which gives tuition vouchers to qualifying community college graduates who enroll in private four-year institutions, could be administered by the Board of Directors for Community Colleges.

Administrative duties associated with the State's college savings plan could also be performed by others. Although the exact duties of administering this program have not yet been defined, it appears that the State Treasurer's Office could perform such duties, including developing administrative rules and contracting with financial institutions to manage

savings dollars. The Commission also plans to promote the savings program, but the financial institutions could perform this function.

Additional financial-aid related activities, such as oversight of the State's student loan guarantor, are already performed by others. The guarantor, a nonprofit loan servicer under contract to the Arizona Department of Administration, guarantees that financial aid lenders will be reimbursed if a borrower defaults on a loan. The Commission has no regulatory authority over the guarantor, although it does informally meet with the guarantor to discuss loan access issues. The guarantor's advisory council performs a similar function. It brings together representatives from public and private postsecondary institutions with members of the financial community to discuss the ability of postsecondary education institutions to secure loans for their students.

Other entities also educate students about financial aid. Private providers of financial aid, such as the Southwest Student Services Corporation, already assist students in preparing financial aid forms. For example, during its Fall 1996 Career Expo, it helped 9,000 Arizona students to obtain information about postsecondary education financial aid assistance. Further, the State's student loan guarantor, who currently donates money for the Commission's financial aid education activities, has expressed interest in continuing to fund the effort regardless of who administers it.

Additional functions also could be performed by others—In addition to others being able to perform the Commission's financial aid functions, other state agencies could also administer various Commission functions. The Commission's publications role could be taken over by these entities since the Commission does little more than edit publications. For example, the Commission publishes the *Course Equivalency Guide*, which lists courses that can be transferred from the community colleges to the universities. The Commission updates this guide with information provided by the universities and community colleges. Therefore, responsibility for publishing the guide could be shifted to either the Board of Regents or the Board of Directors for Community Colleges. In fact, the Board of Regents was responsible for publishing the *Course Equivalency Guide* prior to the Commission becoming an agency.

The Commission's other publications could also be produced by any of a variety of public or private entities. Publications such as the *College and Career Guide*, a compilation of postsecondary institution information, are self-supporting. Publication costs are covered through private contributions, advertising sales, and sales of the guide itself.

If the Legislature wishes some entity to perform a single policy-related study such as the one that it has mandated the Commission to perform on enrollment demand, it could rely on a variety of public and private entities to perform such a study. These entities include legislative branch agencies, university research centers, and the Board of Regents. In fact, the Board of Regents' staff has performed past studies on projected demand for public as well as private postsecondary education.

Money for students could be increased—If others performed Commission activities and the Commission were sunsetted, efficiencies could be gained and more financial aid could be transferred to students. Currently, the Commission estimates that \$219,700 of the State Student Incentive Grant (SSIG) money it received during fiscal year 1996-97 was spent on administration. However, the Commission currently only devotes a half-time FTE (with occasional support from other staff) to administering this program. Commission staff state that the remainder of the money is spent on general administrative purposes, since the Commission receives little money directly from the State to support its administrative expenses. If the Commission were eliminated, these administrative costs could be reduced by at least \$80,000 (the salary and employee-related expenses associated with the executive director position), and more SSIG money would be available for students. An estimated 126 additional students could receive SSIG grants if administrative costs were reduced by \$80,000.

Recommendations

1. The Legislature should decide whether it wishes the Commission to play an expanded role in the areas of public awareness and policy analysis. If it does, the Legislature should consider:
 - a) **Changing the Commission's budget authority**—If the Legislature wishes the Commission to perform early awareness activities and policy studies, it should give the Commission authority to raise and spend money for such activities.
 - b) **Clarifying statutory authority**—The Legislature should consider clarifying A.R.S. §15-1851 or §15-1852 to allow the Commission some discretion to select a wide range of policy topics, or more clearly define what topics the Commission should study. The Legislature should also specify that it wishes the Commission to perform activities related to K-12 education.
2. If the Legislature does not wish the Commission to perform early awareness activities and conduct policy analysis, it should consider sunsetting the Commission for Post-secondary Education and eliminate A.R.S. Title 15, Chapter 14, Article 5. It should then consider assigning other agencies the responsibility for performing the following activities:

Financial Aid

- a) Amend A.R.S. §15-1626 to assign the Board of Regents the responsibility to administer the State Student Incentive Grant Program.
- b) Amend A.R.S. §15-1424 to assign the Board of Directors for Community Colleges the responsibility for administering the Postsecondary Education Voucher Program and to clearly specify methods of distributing monies from the Postsecondary Voucher Program.
- c) Amend A.R.S. §15-1871 et seq to substitute the State Treasurer as administrator of the State's college savings plan.
- d) Amend A.R.S. §15-1626 to assign the Board of Regents the responsibility to oversee the State's student loan guarantor.

Publications

- e) Amend either A.R.S. §15-1626 or §15-1424 to assign responsibility for production of the *Course Equivalency Guide* to either the Board of Regents or the Board of Directors for Community Colleges.

If the Legislature decides to sunset the Commission but wishes some entity to study enrollment demand, it should assign this task to any of a variety of public entities, such as legislative staff, university research centers, or the Board of Regents.

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SUNSET FACTORS

In accordance with A.R.S. §41-2954, the Legislature should consider the following 12 factors in determining whether the Commission for Postsecondary Education should be continued or terminated.

1. Objective and purpose in establishing the Commission.

The Legislature established the Commission for Postsecondary Education in 1994. The primary purpose for establishing the Commission was to meet a federal requirement that each state have a separate agency to act as a State Postsecondary Review Entity (SPRE). Each state's SPRE was charged with reviewing postsecondary educational institutions' eligibility for federal financial aid. Prior to becoming a state agency, the Commission previously existed under an executive order and later existed as a division of the Board of Regents. The original Commission was created by executive order in 1972 to meet a previous federal requirement that required states to set up advisory commissions to develop coordinated planning among public and private postsecondary institutions. Prior to 1994 the Commission administered some federal financial aid programs and published postsecondary education guides for students.

At the time of its creation as a state agency, the Commission was also given several other responsibilities. Specifically, it was charged with "consider(ing) the postsecondary needs of unserved and underserved individuals in the state," "provid(ing) information to the public about postsecondary educational opportunities," "supervising" the state's student loan guarantor, and administering several financial aid programs.

In 1996 and 1997, other statutory duties were added. These responsibilities include administering the Postsecondary Education Voucher Program, conducting public policy options related to increased postsecondary enrollment, and coordinating the State's college savings plan.

2. The effectiveness with which the Commission has met its objectives and purpose and the efficiency with which the Commission has operated.

The Commission has performed many of its statutory duties effectively. As required by statute, the Commission created proposed rules for implementing the SPRE. In fact, an association of state higher education officials considered these rules to be a model for other commissions nationwide. The Commission has also fulfilled other statutory duties by producing several publications, distributing financial aid to postsecondary

institutions and individuals, and meeting informally with the State's student loan guarantor.

The Commission also appears to perform its activities efficiently. Nonetheless, if the Commission were sunsetted, the Commission's statutory duties could be accomplished by other governmental entities, and efficiencies could be gained (see Finding I, pages 7 through 13).

3. The extent to which the Commission has operated within the public interest.

The Commission has operated in the public interest by publishing informational guides about postsecondary education for students, distributing over \$3.1 million annually in student financial aid, and helping individual students fill out financial aid forms during a statewide annual event organized by the Commission. Nonetheless, the Commission could increase the number of state student incentive grant dollars it gives to students. Currently, the Commission estimates that \$219,700 of the SSIG institutional match money it receives is spent on administration. However, the Commission currently only devotes a half-time FTE (with occasional assistance from other staff) to administering this program. Commission staff state that the remainder of the \$219,700 is spent on general administrative purposes, since the Commission receives little money directly from the State to support its administrative expenses. If the Commission were to limit its administrative expenditures by limiting its activities to those specifically outlined in statute and appropriations, more money could be devoted to the disbursement of student aid grants. (see Finding I, pages 7 through 13).

The Commission has also performed other activities that serve public interest. It has published two policy papers and held three policy conferences that were found valuable by attendees representing different educational sectors. The Commission believes its proposed early awareness efforts would also serve the public interest by informing students and parents about how to become better prepared for postsecondary schools.

4. The extent to which rules adopted by the Commission are consistent with the legislative mandate.

Although its existing rules appear to be within its statutory authority, a review that the Governor's Regulatory Review Council performed at the Office of the Auditor General's request found that the Commission has not adopted sufficient rules regarding the eligibility criteria for tuition vouchers. The criteria must include financial need. Additionally, the Commission has not established rules specifying application procedures and deadlines for the voucher program.

The Commission has also not adopted sufficient rules dealing with public appeals to changes in Commission rules. For example, the rules do not deal with issuing of subpoenas, administering of oath, or taking of testimony.

5. The extent to which the Commission has encouraged input from the public before promulgating its rules and regulations and the extent to which it has informed the public as to its actions and their expected impact on the public.

The Commission appears to adequately encourage public input prior to adopting rules. While every agency is required to publish proposed rules and regulations in the *Arizona Administrative Register*, the Commission also makes additional efforts to inform the interested parties about proposed rules. Specifically, it mails each potentially impacted Arizona educational institution notices about proposed rules and regulations. The Commission has also complied with open meeting law requirements. In particular, the Commission posts its meeting notices with at least 24 hours' notice in the required locations.

6. The extent to which the Commission has been able to investigate and resolve complaints that are within its jurisdiction.

The Commission for Postsecondary Education does not have investigative or regulatory authority. However, it does respond to occasional inquiries from postsecondary educational institutions that are concerned about their ability to obtain loan guarantees. In its role as supervisor of the State's loan guarantor, the Commission informally meets with the guarantor to discuss loan access issues.

7. The extent to which the Attorney General or any other applicable agency of state government has the authority to prosecute actions under the enabling legislation.

This factor is not applicable because the Commission for Postsecondary Education is not a regulatory agency with enforcement or oversight responsibilities.

8. The extent to which the Commission has addressed deficiencies in its enabling statutes which prevent it from fulfilling its statutory mandate.

In 1996, the Commission sought and received statutory authority allowing it to "establish policy centers." However, this new statutory language does not allow the Commission to perform any type of policy study. Instead, statutes limit the type of studies the Commission can perform. Nonetheless, the Commission has broadly

interpreted statutory language, conducting studies that appear to exceed its authorization (see Finding I, pages 7 through 13).

9. The extent to which changes are necessary in the laws of the Commission to adequately comply with the factors listed in the Sunset laws.

If the Legislature decides to continue the Commission, it should clarify the Commission's authority (A.R.S. §15-1851) to either allow the Commission some discretion to select a wide range of policy topics or more clearly define what topics they should study. In addition, the Legislature should consider whether it wants the Commission to perform early awareness initiatives. If so, the Legislature should explicitly give the Commission authority to conduct K-12 early awareness activities. The Legislature should also consider amending A.R.S. §15-1851 to change the Commission's composition by adding public or business members. The 13 other states with commissions that conduct postsecondary education policy analysis, such as Florida and California, include more public members than Arizona.

If the Legislature decides to sunset the Commission, the statutory changes listed in Finding I (see pages 7 through 13) would be required.

10. The extent to which the termination of the Commission would significantly harm the public health, safety, or welfare.

Termination of the Commission would not significantly harm the public's health, safety, or welfare. While many of the Commission's activities are beneficial to the public, many of its duties could be performed by other entities. Such activities include the administration of financial aid programs and production of several publications (see Finding I, pages 7 through 13).

11. The extent to which the level of regulation exercised by the Commission is appropriate and whether less or more stringent levels of regulation would be appropriate.

The Commission for Postsecondary Education is not a regulatory agency. Therefore, this factor does not apply.

12. The extent to which the agency has used private contractors in the performance of its duties and how effective use of private contractors could be accomplished.

Like many other agencies, the Commission uses private contractors for a number of purposes. It contracts with publishers to print several of its publications. It has also used or plans to use private public relations firms to publicize several of its activities, such as its policy analysis studies, financial aid workshops, and early awareness efforts.

The Commission also contracts with individuals to produce its policy papers. However, the Commission has not always obtained such services properly. The Commission has selected individuals to research and write a paper for over \$19,000, without any competitive bidding. As a result, the Commission has violated Arizona's Procurement Code (A.R.S. §41-2501 et seq).

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Agency Response

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AGENCY RESPONSE to RECOMMENDATIONS

The Commission disagrees with the implicit conclusion, contained in the report's Recommendation 1, that the Commission has been operating outside of its authority. However, if the Legislature does believe there is some ambiguity as to the Commission's authority, the Commission agrees with Recommendation 1 a. and b. of the Auditor General's report, dated October 30, 1997. The Commission disagrees with the stated conclusion in the report's Recommendation 2, and does not believe that the Commission should be sunsetted. The Commission respectfully offers the following information for the Legislature's consideration.

The mission of the Arizona Commission for Postsecondary Education (ACPE) is to support and assist Arizona's citizens and educational institutions in education awareness, and in preparing students for postsecondary access and achievement through effective policy analysis, communication, and financial aid program administration. The Commission's mission statement is based on A.R.S. §15-1851 and §15-1852.

Because the Commission is not aligned with any one education sector, it is a neutral and objective state education agency without innate bias toward any one portion of the education community. It is therefore the appropriate state entity to serve as a forum for community colleges, proprietary and career schools, private and public (K-16) educational institutions to discuss issues such as financial aid; increasing the pool of eligible students for all postsecondary educational opportunities; enrollment growth challenges; academic articulation between community colleges and four-year private and public colleges/universities; and the continued implementation of its responsibilities in the financial aid, communication of postsecondary educational options to Arizona's citizens, and policy analysis areas.

The built-in neutrality and objectivity of ACPE are two of its strongest strengths, which also highlight its uniqueness in the state. With direction from commissioners appointed by the Governor, ACPE has focused its efforts on achieving its mission. The Commission has administered and implemented the program areas and activities it has been assigned and has done so with the utmost professionalism, efficiency, cost-effectiveness, and accountability.

The Commission has been an established state-level agency since 1972, and via Federal requirement, has been eligible to receive Federal funds since 1976, the year it began administration of the State Student Incentive Grant (SSIG) Program. In 1972, the U.S. Congress passed amendments to the Higher Education Act of 1965, which included the addition of Section 1202 (Section 1202 authorized the establishment of state postsecondary commissions, thereafter referred to as the "1202 Commissions"). When the Commission was designated as Arizona's "1202 Commission" it was a division under the Arizona Board of Regents (ABOR). Under executive order in 1974, the Commission was separated from ABOR and under another executive

order in 1987, the Commission again became a division of ABOR. Through a bill approved by the Arizona Legislature in 1994, the Commission was once again separated from ABOR to meet a Federal requirement that each state have a separate state agency to act as a State Postsecondary Review Entity (SPRE). The Commission was given formal state agency status in 1994, primarily to meet a Federal requirement. As described above, it had already been a state-level agency since 1972. However, the Commission needed to be a separate state agency (i.e., separate from ABOR) in 1994 to fulfill the Federal SPRE mandate. SPRE was an added responsibility, not the sole responsibility, for the Commission and the Federal SPRE is still in effect and can be re-mandated for continued implementation at any time, contingent upon funding.

The Commission believes that it has been successful, responsible, professional, efficient, cost-effective, and accountable in fulfilling its statutory duties -- particularly in an environment of uncertain program funding and administrative budgets. The Commission administers the following twelve program areas and activities, and is the appropriate state agency to continue their administration:

1. The State Student Incentive Grant (SSIG) Program;
2. The Arizona Postsecondary Voucher Program;
3. The Arizona Family College Savings Program;
4. The Western Governors University (WGU) Task Force;
5. The *Course Equivalency Guide* and the *Arizona College and Career Guide* publications;
6. The Arizona Minority Education Policy Analysis Center (AMEPAC);
7. The *Twelve Plus Partnership* (early awareness of all post-high school education opportunities);
8. Access/Financial Aid Studies;
9. Public Policy Forums;
10. Guaranteed Student Loan Program Oversight;
11. The Paul Douglas Teacher Scholarship and the Arizona Teacher Incentive Programs; and
12. The Arizona Student Program Investing Resources for Education (ASPIRE) Program (currently un-funded).

Because the Commission has been managed with the utmost efficiency and has always been interested and involved in saving funds for the state, it has willingly accepted added responsibilities for administering legislatively-mandated programs and activities without any additional general funds (e.g. pre-planning of the Arizona Family College Savings Program, facilitation and oversight of the Arizona Western Governors University [WGU] Task Force, and a 300% increase in Arizona Postsecondary Voucher Program awardees from Spring 1997 through the first quarter of FY 1997/98). It is for these reasons that the Commission has been legally mandated, through appropriations language, to use SSIG cost recovery funds to not only administer the SSIG Program, but also to administer its other program areas and activities.

Additionally, the Commission's SSIG cost recovery funds from institutional SSIG matches was reduced from 18% (\$219,700) in FY 1996/97 to 12% (\$145,300) in FY 1997/98, a reduction of 6 per cent, without any sacrifice in the administration of the SSIG Program.

In FY 1996/97, the Commission's appropriated staffing level was 7.8 FTEs, however the actual staffing level was 6.5 FTEs -- thereby saving 1.3 FTE salaries for the state. If any one or all of the Commission's program areas or activities were to be transferred to other state agencies, the Commission's proven experience in administering them over many years will be sacrificed. Moreover, other state entities would require at least the same number of experienced staff and at least the same amount of administrative and office costs to implement those programs in the same professional and prudent manner as the Commission has over the last 25 years.

Administration of the Arizona Family College Savings Program by the Commission is very clearly itemized in SB 1055 (A.R.S. §15-1874) with no mention for instance of the State Treasurer being the intended administrator of the program. Similarly, the intent of HB 2081 for the Arizona Postsecondary Voucher Program is clearly for the Commission to administer it, not another state agency. It is apparent that one of the main reasons that the Commission is designated to administer both of these programs is due to the fact that it is the only state education agency that is neutral and objective, without bias toward any one education sector.

As part of its mission statement goal, based on A.R.S. §15-1851 (C) (5), the Commission is expanding, via natural extensions, its early awareness among students and parents of the postsecondary opportunities available in the state, as well as the importance and joy of lifelong learning. By fulfilling this mission statement goal, the number of Arizona students who seek post-high school training and education will dramatically increase. It is clear from educational studies that awareness of the importance of education and postsecondary opportunities needs to begin in the third grade, because many students are lost from the system by the fourth grade. Also, a 1996 study commissioned by the Arizona Minority Education Policy Analysis Center (AMEPAC), a subsidiary of the Commission, revealed that one reason students "drop out" of school is that they are frequently absent from school when they are young -- in effect, they "practice" being drop-outs.

Moreover, in February 1997, the Greater Phoenix Economic Council held its 11th Economic Summit where education was identified as the most pressing issue. One of the Council's implicit findings was that in spite of the millions of dollars that the corporate sector has provided to worthy educational programs, there has been little overall improvement. One of the key reasons for this is that while individual programs may be very effective, meaningful change must be systemwide in a school district and statewide in order to have significant, lasting impact. The lasting impact which can be achieved through increased numbers of students taking advantage of postsecondary education is reflected in key issues for employers, such as a greater number of qualified employees, a broader tax base, and lower crime rates, as well as key issues expressed by all post-secondary educators, such as the need for financial aid for students (especially disadvantaged and minority students), increasing the pool of eligible students for all

postsecondary institutions and easing the transfer from community colleges among all educational institutions. All of these key issues demand that early awareness of post-high school opportunities and options be communicated, in a variety of methods, to all citizens of Arizona.

To address these concerns and key issues, the Commission has coalesced all of its early awareness activities and programs (i.e., communication of all postsecondary opportunities) that it has already been implementing, and is expanding others in their natural extensions, under its communication “umbrella” called the *Twelve Plus Partnership*.

The *Twelve Plus Partnership* program employs the best techniques of communication to educate Arizona’s parents and children about the value of education, raise their expectations and standards for a postsecondary education, and change their attitudes and behavior to embrace lifelong learning from an early age. It aims to raise the quality of education in both rural and urban Arizona by researching, analyzing, and evaluating the most effective educational projects and programs from across the state and the country and appropriately disseminating and facilitating their use throughout the state (e.g., “Best Practices Conference”).

Twelve Plus Partnership funding comes from local businesses and corporations, local and national foundations, and local and national education organizations/institutions. The nationally respected College Board has already committed \$570,000 of in-kind contributions over three years, and \$10,000 in direct funds to the *Twelve Plus Partnership*. In a March 19, 1997 letter to the Commission from the College Board’s Western Regional Office, Executive Director Richard Pesqueira states: “.....the Commissioners are to be commended for seeking to address the growing need for an aggressive, proactive campaign focused on increasing the early awareness among students and their families regarding heightened academic achievement expectations, the value of a college education, and the need to begin planning for academic success as early as possible. Particularly noteworthy is ACPE’s emphasis on approaching this challenge on a comprehensive statewide basis.” Direct financial contributions, in the amount of \$72,500, have also been secured from three local sponsors (one is a large corporation, one is a well-known Arizona professional sports team, and the third sponsor is a private student loan company). Moreover, the Commission is viewed by the Arizona educational community and national observers as the most credible and objective agency to facilitate the Program on a statewide basis. The Commission will facilitate a steering committee representing key sectors, including the business sector, to provide guidance.

The college/university affordability issue is addressed by three programs administered by the Commission -- two of these programs are components of the *Twelve Plus Partnership* umbrella:

1. The *State Student Incentive Grant (SSIG) Program* which awards grants to needy students in Arizona. In FY 1996/97, the Commission awarded 4,731 grants (987 for public universities, 3,358 for community colleges, 232 for private colleges and universities, and 244 for proprietary schools);

2. *College Goal Sunday*, which is a statewide program providing free help (on a one-to-one basis) to high school seniors, many of whom are first generation college applicants, and their families in filling out the universally required Free Application for Federal Student Aid (FAFSA) form. More than 1,560 high school seniors and their parents left last year's event in their community (the event was held in 17 community sites in 12 Arizona cities) with this form completely filled out and ready to deposit in the mail. Colleges/universities and private student loan organizations hold "college fairs or expos" or "college nights" throughout the year where several hundred students receive information relative to filling out financial aid forms however, *College Goal Sunday* is the only statewide event where the financial aid forms are actually filled out and ready to mail when they leave the event. The second annual *College Goal Sunday* event will be held on February 1, 1998. This particular event is a component of the *Twelve Plus Partnership*; and

3. The *Arizona Family College Savings Program* is a statewide program which will enable Arizona families to set aside funds for college beginning when their children are very young. This Program is scheduled for full implementation in January 1998. It is unique in the nation due to the fact that, currently, it is the only college savings plan that partners the private and public sectors together. The Program's final rules and regulations were filed with the Secretary of State on October 31, 1997 and the RFP process is being finalized. This particular Program is a component of the *Twelve Plus Partnership*.

As an example of a *Twelve Plus Partnership's* expanded activity, the Commission is developing a "Best Practices Conference" which will bring together educators, business people, and parents from across the state to 'showcase' what is working in their school districts and schools, as well as in communities outside of Arizona. There are several successful and exemplary activities and programs in Arizona schools, but until now it has been difficult to share information about them. Sharing these activities and programs will save districts, community colleges, universities, and businesses from "re-inventing the wheel" when planning their own particular outreach and pre-college activities. Local businesses and corporations, local and national foundations, and local and national education organizations want to invest both direct and in-kind financial resources into successful early awareness/outreach activities on a statewide basis. There is now a "window of opportunity" to bring those programs that work into the limelight along with their expansion and economic efficiencies, which is especially important to the rural and less-advantaged schools in Arizona.

Following is a brief synopsis of four *Twelve Plus Partnership* activities that the Commission plans to implement, entirely with private funding, during FY 1998/99:

- *College Goal Sunday*: As previously stated, this is an annual statewide Program that provides free assistance to Arizona students and families applying for college financial aid. Many of these students are first-generation college applicants. The Program mobilizes volunteer financial-aid professionals, primarily from Arizona

colleges/universities, as well as high school counselors to assist seniors, on a one-on-one basis, in completing Federal student aid forms. The Commission facilitates the Program, and sponsorships are from private businesses/ corporations. The first statewide *College Goal Sunday* event was held on February 2, 1997 (the Sunday after the Super Bowl) at 17 community sites in 12 Arizona cities including Phoenix, Tucson, Flagstaff, Yuma, Kingman, Sierra Vista, Tuba City, Chinle, Show Low, Casa Grande, San Carlos, and Prescott. The second statewide *College Goal Sunday* event is scheduled for February 1, 1998.

- *Best Practices Conference:* This is a one-day conference to be held in the Spring of each year, which will feature successful and exemplary activities and programs already in existence, both state and national, with educators, business people, and parents from across the state. Specific areas highlighted will include, but not be limited to: (1) School-to-Work activities (grades 8-14); (2) Parental involvement (grades K-12); (3) Student community service (grades K-16); (4) Teacher and counselor professional development and workshops that focus on the importance of high expectations for all students (grades K-12); (5) Study and test-taking skills (grades 3-14); (6) School-community partnerships (grades K-16); and (7) Early awareness/outreach activities (grades 3-16). An additional highlight of each Conference will be annual awards given to one teacher and one counselor from the K-14 sector, one parent (or family member), and one corporation/business partner for outstanding involvement and support to education, K-16.
- *College and Career Centers:* This Program will support existing local organizations and institutions that assist students, with parental involvement, in awareness of post-high school training and educational opportunities, preparing for college and an economic-fulfilling career. It will also support and help facilitate the expansion of successful, local College/Career Planning Centers already in existence in some elementary, middle, and high schools -- as well as on postsecondary education campuses. The Commission plans to establish six pilot *College and Career Centers* (three in elementary schools and three in middle schools) by the Fall of 1998. Schools will be selected where there is a high percentage of minority and disadvantaged students in the student body. In keeping with the need for parental involvement in education, parents will coordinate and staff each Center. Materials will be developed for the Centers by the Commission's Early Awareness Committee. Each Center will be on the "cutting edge" with regards to technology, publications, computer hardware and software, School-to-Work activities, academic and financial planning workshops, and other post-high school planning activities.
- *Think College:* This Program is an awareness campaign, targeted in the elementary and middle grades, directed toward raising expectations and creating an attitude among students, parents, teachers, and counselors that a post-high school/postsecondary educational experience is desirable and possible for most children. A partnership between the Commission and the College Board is being developed to coordinate this Program on a statewide basis. Program audiences

will include: (1) Third graders (high school class of 2009) and their parents; (2) Seventh graders (high school class of 2003) and their parents; and (3) Juniors (high school class of 1999) and their parents. The Program's timeline emphasizes an on-going public information campaign (e.g., the Arizona Family College Savings Program, *Ready for Success* publication, media, etc.) with intensive multi-dimensional information, including grade-level specific publications.

Presently, the Commission is authorized to raise funds from outside/other sources but, according to the JLBC FY 1997/98 appropriations, cannot spend these same funds for the implementation of specific activities/programs to fulfill the responsibilities of the goals of its mission. This is especially true for the *Twelve Plus Partnership* activities. This could definitely have a very serious negative impact on the Commission's ability to persuade private interests to contribute to the Commission's of worthwhile programs. Accordingly, the Commission respectfully requests that the Legislature authorize the Commission to not only be able to raise funds, but also be authorized to spend those funds to implement the responsibilities of its mission.

A summary of the remaining programs administered by the Commission follows:

Financial Aid Administration

- The *State Student Incentive Grant (SSIG) Program*, as previously explained, assists states in providing grants to eligible students who attend postsecondary schools and have substantial financial need. Federal allotments are made to each state, which in turn must match the allotment through state appropriated funds.
- The *Arizona Postsecondary Voucher Program* provides \$1,500 annually to Associate Degree graduates who enroll as full-time students at an Arizona accredited, chartered, baccalaureate degree-granting private postsecondary college or university. The award does not exceed three years and \$3,000 for each eligible student. The purpose of the Program is to provide a financial incentive to Arizona's community college graduates to attend a private postsecondary baccalaureate degree-granting institution (e.g., Grand Canyon University) rather than an Arizona public university. In Spring 1997, 52 eligible students received awards. Through the first quarter of FY 1997/98, 188 new eligible students received awards and 52 renewal students received awards for a total of 240 awardees.
- The *Arizona Education Loan Program Oversight* by the Commission is accomplished by two main methods. The Commission's executive director meets frequently, on an informal basis, with the Vice President of the state's student loan guarantor and periodic formal reports are received and reviewed by the Commission. In addition, the Commission's executive director is a member of the state's student loan guarantor's board of directors where discussion on loan access

issues and voting occurs. The Commission is the only state education agency which represents all postsecondary education sectors and, therefore is the appropriate state agency to oversee the state's student loan guarantor.

- The *Arizona Student Program Investing Resources for Education (ASPIRE)* is a viable Program even though it is currently un-funded. It is a Program that is similar to the "I Have A Dream" project, and will be initiated in the third grade at selected high minority, disadvantaged schools throughout Arizona. The Commission is actively pursuing private and foundation funding for this Program with the assistance of the Arizona Student Association.
- The *Paul Douglas Teacher Scholarship Program* and the *Arizona Teachers Incentive Program*. Neither of these currently receive funding, however, the Commission is still fulfilling its obligatory responsibilities of follow-up and collection of monies from award recipients who have not fulfilled their responsibilities.

Policy Analysis

- *Access/Financial Aid Studies* and *Public Policy Forums* are periodically conducted and hosted by the Commission. These forums bring together state and national leaders who offer presentations relating to current and future issues in postsecondary education. The Forums are complimentary to the public and are taped for future distribution to interested and appropriate parties. The Commission is the appropriate agency to conduct these activities because it represents all postsecondary education sectors, as well as the K-12 sector.
- The *Arizona Minority Education Policy Analysis Center (AMEPAC)* was formed in 1996 from its precursor, the Arizona Minority Education Access and Achievement Cooperative (AMEACC). The Center assists and supports the state-level governing boards and their institutions in the development of policies designed to improve minority student achievement and access to postsecondary institutions. This is accomplished through workshops, policy forums, fall conferences, and publications emphasizing the unserved and underserved populations in Arizona. See A.R.S. §15-1851 (C) (3). The 1997 AMEPAC conferences (in Phoenix and Tucson) highlighted a policy analysis paper authored by Bill Post, President and CEO of Arizona Public Service (APS), titled: "Corporations & Schools: An Integrated Partnership." The paper addressed Arizona's business and education sectors as they relate to the state's unserved and underserved populations. The Center's mission, under the auspices of the Commission, is to stimulate, through studies, statewide discussion, and debate, constructive improvement of Arizona minority students' early awareness, access, and achievement throughout all sectors of education. Policy study papers commissioned by the Center focus on Arizona's unserved and underserved populations, which also provide the basic data for enrollment growth studies. The Commission encourages policy analysis papers to be authored by state and national

experts in the field of study of the particular policy analysis subject matter. This has enabled the Commission to produce, in a cost-efficient manner, study papers with expertise and total objectivity. Since all of the funding for AMEPAC is derived from private and institutional funding, all of AMEPAC's commissioned policy analysis papers have been paid for by private funding.

- The *Western Governors University Task Force* is facilitated by the Commission, pursuant to Executive Order 95-4, dated April 10, 1996. The Commission is charged with the following responsibilities:

1. Consider the relation between the proposed activities of the Western Virtual University initiative and current and proposed activities of Arizona's postsecondary institutions;
- 2.
3. Consider the postsecondary education needs of unserved and underserved individuals within the state, including individuals beyond the traditional college age, as well as Arizona employers, and how those needs can be met by the Western Virtual University;
4. Consider state and national policies designed to enhance the growth of distance education technology and programs and their effects on enrollments within all state postsecondary sectors;
5. Consider the resources of institutions, organizations or agencies (both public and private) within the state and among the Western Virtual University entities needed to provide additional postsecondary education opportunities through the virtual university;
6. Recommend to the state how the state should effectively and efficiently participate in the proposed Western Virtual University, addressing such key issues as needs, curricular models, markets, costs, timetables, joint institutional capacity, evaluation/quality control, technology infrastructure/ alternative delivery mechanisms, partners, and administration.

The Task Force delivered an Interim Report to the Commission and state in June 1996 and a Final Report in November 1996. The Task Force met numerous times from May 1996 through May 1997 and held a Public Forum on May 12, 1997 at Arizona State University. The Task Force last met on October 14th and the next meeting is planned for mid-January 1998. The Commission has been advised by Governor Hull that she wants the Commission to continue facilitation and oversight of the Task Force and a new executive order will be forthcoming.

Communication

- The *Course Equivalency Guide (CEG)* is an annual Commission publication. The

CEG indicates how each of the three Arizona state universities accepts transfer course work completed at each of the twenty Arizona community colleges. This publication assists both the Arizona state universities and the community colleges to provide a better, more accurate transfer service for students. The Commission receives in-depth data year-round from each of Arizona's community colleges and public universities and then arranges the data in a readable format. The Commission has edited, published, and distributed the CEG since 1973. During FY 1996/97, the Commission distributed 8,000 copies of this publication throughout the state. The Commission receives \$13,200 in state funding for the CEG. This amount does not cover the actual costs for this publication; overrun costs are paid for by cost recovery funds.

- The *Arizona College and Career Guide (ACCG)* is an annual Commission publication that informs the citizens of Arizona of the postsecondary educational opportunities available throughout the state. The publication includes course offerings, lengths of courses, and course costs for all of the various Arizona institutions of postsecondary education. The Commission has edited, published, and distributed the ACCG since 1974. During FY 1996/97, the Commission distributed over 8,000 copies of this publication throughout the state. The editing, printing, and dissemination costs of this publication are paid for by advertising revenues and cost recoveries.
- *Ready for Success* booklets are periodically published by the Commission. In 1996, the Commission distributed 76,000 (65,000 in English and 11,000 in Spanish) to every Arizona 8th grader. The Commission plans to edit and distribute an updated version, as part of its *Twelve Plus Partnership* activities, in FY 1998/99. Funds for this publication are derived from private funding and cost recoveries.
- The *Twelve Plus Partnership* activities/programs are designed to facilitate, on behalf of Arizona citizens, the Arizona education sectors, and business communities, three objectives:

1. Early awareness of all postsecondary training and education opportunities for Arizona citizens;
7. The importance of preparation for, attendance in, and access to postsecondary institutions by all students; and
8. Communication of higher education expectations on a statewide level.

A synopsis of some *Twelve Plus Partnership* activities/programs has been detailed previously in this response. All components will be funded by private resources.

The Commission disagrees with the report's stated conclusion that it has not established rules for eligibility criteria, application procedures, and deadlines for the Arizona Postsecondary Voucher Program. Eligibility criteria are itemized in the Program's rules, published in the *Arizona Administrative Code* on September 30, 1996 and pursuant to A.R.S. §15-1852 et seq., in §R7-3-403 (C) (E) (F) (1) (G) and in §R7-3-404 (A) and (B). Academic criteria are itemized in the Program's rules, published in the *Arizona Administrative Code* on September 30, 1996 and pursuant to A.R.S. §15-1852 et seq., in §R7-3-403 (E) (2). Application procedures are itemized in the Program's rules, per the same September 30, 1996 publication, and pursuant to A.R.S. §15-1852 et seq., in §R7-403 (E) (1) (F) (1) and (G) (1); deadline procedures are itemized in the Program's rules, pursuant to A.R.S. §15-1852 et seq., in §R7-3-403 (F) (2) and (G) (2). The Commission agrees that financial need criteria were not specified and will address this matter with Senator Springer or through amendment to the Program's rules in a timely manner.

The Commission disagrees with the stated conclusion in the report relative to the Commission not adopting sufficient rules dealing with public appeals to changes in Commission rules. The Commission is exempt from the Arizona Administrative Procedure Act (A.R.S. Title 41, Chapter 6), but still adopts rules in a manner substantially similar to Title 41, Chapter 6. However, if the Legislature feels that there is some ambiguity with this issue, the Commission will address it in a timely manner.

The Commission disagrees with the report's stated conclusion that it has violated Arizona's Procurement Code, A.R.S. §41-2501 et seq. The Commission has followed rules relative to the bidding process and has been, is, and plans to continue to be very fastidious in following all Arizona laws, executive orders, and codes. The Commission is in frequent consultation with the State Procurement Office, and has just recently received an increase in its delegation of authority from \$5,000 to \$10,000. However, if the Legislature feels that there is some ambiguity with this issue, the Commission will consult with the State Procurement Office in a timely manner and resolve this issue.

The Commission considers a key element of its mission to operate within and for the public interest. Its approved mission statement, based on A.R.S. §15-1851 (B) and (C) (1) - (5), is very clear that it operates for the benefit of the citizens of Arizona to assure them of awareness of all postsecondary education options and support for preparing students for postsecondary access and achievement. The Commission believes that each additional student that succeeds in the K-16 education system will benefit the Arizona economy, the Arizona tax base, and the quality of life for that student and the state as a whole. Each and every Commission action is focused on whether the decision will benefit the public and whether the decision is designed to increase access to all postsecondary sectors in Arizona. If the Commission were not in existence, the state would lose:

- its only comprehensive state education agency representing all public and private education sectors in the state for program administration, communication (dissemination) of all postsecondary opportunities, and policy analysis;

- its only comprehensive neutral site for administration of those programs/activities designed to assure full eligibility to students and institutions from all education sectors; and
- its only neutral statutory body charged with policy analysis focusing on the postsecondary needs of the unserved and underserved populations, issues related to postsecondary enrollment demand, and the effective and efficient administration of Federal and state financial aid programs.

In a letter of support from the Maricopa Community College Governing Board, dated September 12, 1997, a resolution made by the Board is quoted. The Governing Board “....fully supports the continuance of the Arizona Commission for Postsecondary Education, recognizing that the loss of the Commission would be most detrimental to the Maricopa Community College’s mission to serve all citizens in the State of Arizona in their quest for postsecondary opportunities and a productive, economic fulfilling life.”

The Commission received the following statement of support from the President of the Arizona Private School Association, dated August 13, 1997: “.....The Commission is uniquely qualified to perform its functions since it represents all sectors of the postsecondary education community.The Postsecondary Voucher Program, Arizona Minority Education Policy Analysis Center, and the newly enacted Arizona Family College Savings Program are just a few of the important projects that I feel would not be effective, or possibly in existence, without the administration provided by the Commission.”

The built-in neutrality and objectivity of the Commission positions it to be the appropriate state agency to implement its twelve program areas/activities for the citizens of Arizona. The Commission is not aligned with any one education sector and, therefore is without any innate bias toward any one education sector. The commissioners, appointed by the Governor, have focused their efforts on achieving the Commission’s mission goals with un-deniable professionalism, accountability, efficiency, and cost-effectiveness.

“The College Board believes that the Commission, as the only state education agency which represents all K-16 sectors and represents a neutral, objective forum for discussions that contribute K-16 supportive mechanisms, is one that we want to work closely with.Together we can disseminate a prototype to other states for their possible implementation.” The College Board, dated August 12, 1997.