

# **State of Arizona Office of the Auditor General**

**PERFORMANCE AUDIT**

**STATE BOARD  
OF DIRECTORS  
FOR COMMUNITY  
COLLEGES**

**Report to the Arizona Legislature  
By Douglas R. Norton  
Auditor General  
July 1997  
Report # 97-10**



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July 17, 1997

Members of the Arizona Legislature

The Honorable Fife Symington, Governor

Dr. Donald E. Puyear, Executive Director  
State Board of Directors for Community Colleges

Transmitted herewith is a report of the Auditor General, A Performance Audit of the State Board of Directors for Community Colleges. This report is in response to a May 29, 1995, 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 addresses the need for stronger, statewide leadership over the State's community college system. The community colleges are an important part of the State's education system, serving over 155,000 students and directly affecting the State's business community. However, the State Board of Directors for Community Colleges (Board) does not adequately assess whether the system is meeting the needs of its various constituents, or ensure the quality of the academic programs and courses offered. Similar findings were reported 10 years ago in the Board's previous Sunset audit. This report recommends relieving the Board of several responsibilities for which local community college districts should be accountable, and focusing Board efforts on system outcomes. Responsibilities that could be left to the local districts include ownership of local district property, approval of district general obligation bond proposals, and teacher certification.

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

This report will be released to the public on July 18, 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 State Board of Directors for Community Colleges (State Board). The audit was conducted in response to a May 29, 1995, resolution of the Joint Legislative Audit Committee and under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §§41-2951 through 41-2957.

The State Board has 17 members responsible for providing oversight, planning, and coordination of the State's community colleges. Although the local district boards actually operate the colleges, the State Board represents the best interests of the state in overseeing community college operations. The State Board has statutory authority for:

- Setting statewide standards for the establishment, development, administration, operation, and accreditation of community colleges;
- Approving academic programs, courses, and student tuition;
- Certifying all community college teachers;
- Approving district bond proposals, authorizing revenue bonds, and allocating state aid to districts; and
- Approving new campus locations, owning college properties, and approving new construction and renovation projects.

## **Board Needs to Take Stronger Statewide Leadership Role (See pages 7 through 11)**

The Board could strengthen its statewide leadership role by doing more to ensure that Arizona's community colleges are effectively operated and offer quality programs. Community colleges receive substantial state funding and affect not only thousands of students but also the State's business community, which relies on the system to provide employees who are sufficiently educated for the job market. The Board could provide stronger leadership and increase its oversight by implementing system effectiveness measures at the statewide and college level. Further, the Board should initiate ongoing assessments of colleges' academic program quality. By increasing accountability measures, the Board will be able to measure the success of community colleges and plan for the State's future needs.

## **New Transfer Plan Requires An Extensive Implementation Effort (See pages 13 through 17)**

In December 1996, the Legislature approved a new transfer agreement that should make it easier for community college students to transfer to state universities, but will require significant changes by both community colleges and universities. Previous agreements had allowed community college students to transfer courses without losing credits; the new agreement allows them to transfer associates degrees, thus enabling students to enter a university as juniors, so they can enroll in junior-level courses and have priority for registration over freshmen and sophomores. Although the agreement is a significant step forward, implementing it will be difficult and time consuming. Both community college and university faculty will need to develop new course work requirements to achieve the goals of the new plan. Once implemented, the new transfer process should be closely monitored to determine if it is effective.

## **College Property and Bond Issuance Authority Could Be Transferred to Districts (See pages 19 through 22)**

Since community colleges are primarily funded and managed locally, districts should own their college properties and have the authority to issue bonds. The local community college districts pay for, operate, manage, and incur liability for their properties, but the State Board has ownership and the authority to review general obligation bond proposals before district residents can vote on them. Although this degree of state control was needed when state monies helped develop the community college system, local sources now provide 80 percent of college funding. Transferring property ownership and general obligation bond authority to the local districts would not pose a risk to the State, and would allow the State Board to reduce the number of administrative actions it takes and to place more emphasis on statewide planning and oversight.

## **Statewide Certification of Community College Teachers Could Be Eliminated (See pages 23 through 24)**

The statutory requirement for State Board certification of community college teachers could be eliminated without increasing the risk of the colleges hiring unqualified teachers. Although the State Board reviews teachers credentials and work experience for certification, district hiring practices and accreditation requirements go further to ensure teachers are qualified. Also, certifying higher education faculty is unusual. Arizona is one

of the few states that certifies college teachers. If teacher certification is eliminated, a plan will be needed for using approximately \$114,000 in remaining certification monies that were received from teacher certification fees.

## **Other Pertinent Information**

### **Distance-Learning**

#### **Costs Underestimated**

**(See pages 25 through 27)**

Distance learning technology can bring new educational opportunities to students in remote parts of the State. Together, the State Board and other government agencies are planning to contract for an integrated, statewide telecommunications infrastructure. Although the contractor will absorb the infrastructure costs, which may save Arizona millions of dollars, community colleges may have underestimated the costs to implement distance-learning technologies.

# Table of Contents

**Page**

**Introduction and Background ..... 1**

**Finding I: Board Needs to Take Stronger  
Statewide Leadership Role ..... 7**

Community College System  
Important to State.....7

Board Should Focus on  
Effectiveness in Two Areas.....8

Recommendations..... 11

**Finding II: New Transfer Plan Requires  
an Extensive Implementation Effort..... 13**

Background.....13

Task Force Plan May  
Improve Transfer Process .....13

Much Work Needs to Be Done  
to Implement New Plan.....15

Recommendations.....17

**Finding III: College Property and Bond  
Issuance Authority Could Be  
Transferred to Districts ..... 19**

Real Property Ownership  
Could Be Transferred.....19

State Board Review of Local  
Bonds Could Be Eliminated .....22

Recommendations.....22

# Table of Contents (Concl d)

	<u>Page</u>
<b>Finding IV: Statewide Certification of Community College Teachers Could Be Eliminated.....</b>	<b>23</b>
Other Processes Already Ensure Instructional Quality .....	23
Certifying Higher Education Faculty Is Unusual .....	24
Certification Fund Balance Could Be Used to Enhance Teaching .....	24
Recommendations.....	24
<b>Other Pertinent Information .....</b>	<b>25</b>
<b>Sunset Factors .....</b>	<b>29</b>
<b>Agency Response</b>	

## Figure and Table

Figure 1	State Board of Directors for Community Colleges Community College District Revenue Sources Year Ended June 30, 1997 (Estimated).....	3
Table 1	State Board of Directors for Community Colleges Statement of Revenues and Expenditures Years Ended or Ending June 30, 1995 through 1997 (Unaudited) .....	4

# INTRODUCTION AND BACKGROUND

The Office of the Auditor General has conducted a performance audit and Sunset review of the State Board of Directors for Community Colleges. The audit was conducted in response to a May 29, 1995, resolution of the Joint Legislative Audit Committee and under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §§41-2951 through 41-2957.

## **Arizona's Community College System**

Arizona's community college system includes the State Board, created in 1960, and 10 community college districts with 19 community colleges. Most of Arizona's community college students are concentrated in Maricopa and Pima Counties, where 11 colleges served 116,000 of the State's 155,000 community college students in the fall of 1996.

The community colleges serve diverse purposes. Many high school graduates choose to acquire their first two years of higher education at a community college and then transfer to a university. In addition, business and industry use the colleges to provide needed training programs to their staff. Community colleges also serve students pursuing occupational education for entry-level employment. Further, the colleges offer classes for persons wanting to upgrade their skills, acquire new skills, or take courses of general interest.

## **Governance of Community Colleges**

The community colleges are governed at both the statewide level and the local district level. The State Board provides the statewide oversight over community colleges. The State Board was created as separate from the Board of Regents and the Board of Education so that it could devote itself to the particular concerns of education beyond high school which are both occupational. . . and. . . parallel to lower division programs of four year institutions. Its 17 members include a representative from each of the State's 15 counties appointed by the Governor for 7-year terms, and representatives of the Arizona Board of Regents and the Superintendent of Public Instruction. The State Board meets at least 8 times a year and has statutory authority to:

- Set standards for establishing, developing, administering, operating, and accrediting community colleges,
- Establish curricula and courses and fix student tuition and fees,
- Certify college faculty,
- Authorize district general obligation bond elections, authorize revenue bonds, and allocate state aid to districts pursuant to law, and
- Determine location of college campuses; purchase, receive, hold, lease, or sell property; and approve major construction, remodeling, and repair projects.

The ten community college districts actually operate the colleges in their local districts. Each district board has five members elected for six-year terms. The district boards manage the colleges, hire employees, set salaries, ensure quality instructional programs, and prepare district budgets. In addition, they must ensure that each community college in the district provides a range of classes, including transfer courses for university-bound students, occupational training to meet current labor market needs, and continuing education and community enrichment classes.

## **Funding of the Community College System**

The community college districts and the State Board receive revenues from various sources. The districts are primarily supported by local taxes, while the State Board is mostly supported by state appropriations.

**Community college districts** are supported mostly by revenues from local property taxes, state aid, and tuition and fees. Figure 1 (see page 3), shows that in fiscal year 1995-96, local property taxes provided the largest portion of revenues, while state aid provided 20 percent.

**State Board** expenses are paid from state general fund appropriations, certification fees, and federal grants. The State Board's staff performs the Board's administrative duties, such as preparing Board meeting agenda packages, calculating state aid to districts, screening district academic programs, and reviewing legislative requirements. During fiscal year 1996, the Office had 15.5 staff positions. Three of the staff administered the teacher certification program and 2.5 administered federally funded programs. Table 1 (see page 4), summarizes the sources of revenues and expenditures for fiscal years 1995 and 1996, and provides estimates for fiscal year 1997.

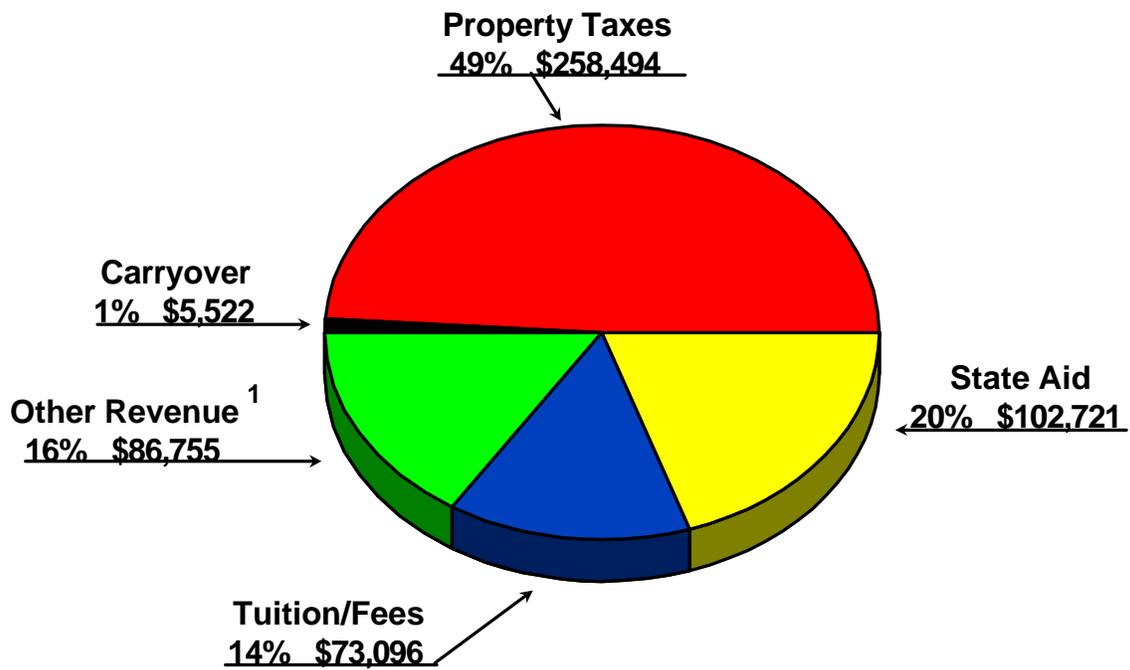
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Figure 1

State Board of Directors for Community Colleges  
Community College District Revenue Sources  
Year Ended June 30, 1997  
(Estimated)

In Millions of Dollars



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<sup>1</sup> Other Revenue are mostly capital bond proceeds. Ninety percent of these bonds were issued by the district, and 10 percent by the State.

Source: Board of Directors for Community Colleges Annual Report to the Governor for Fiscal Year 1995-96.

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**Table 1**

**State Board of Directors for Community Colleges  
Statement of Revenues and Expenditures  
Years Ended or Ending June 30, 1995 through 1997  
(Unaudited)**

	<b>1995 (Actual)</b>	<b>1996 (Actual)</b>	<b>1997 (Estimated)</b>
Revenues:			
General Fund appropriations	\$ 98,245,700	\$103,389,600	\$111,080,000
Teacher certification fees	210,465	170,145	145,300
Federal grants	<u>2,919,069</u>	<u>2,491,528</u>	<u>2,915,400</u>
Total revenues	<u>101,375,234</u>	<u>106,051,273</u>	<u>114,140,700</u>
Expenditures:			
Personal services	683,164	605,645	618,961
Employee related	126,518	112,099	114,618
Professional services	19,040	25,368	9,600
Travel, in-state	38,036	37,756	47,100
Travel, out-of-state	5,617	6,700	2,800
Training	2,423	1,017	
Other operating	179,368	170,822	161,732
Capital expenditures	<u>6,911</u>	<u>360</u>	<u>25,714</u>
Total operating expenditures	1,061,077	959,767	980,525
Other:			
Federal aid to colleges	2,456,557	2,641,133	2,745,400
State aid to colleges	97,516,300	102,720,900	109,296,900
Distance learning state			1,100,000
Indirect costs	<u>                    </u>	<u>                    </u>	<u>17,875</u>
Total operating and other expenditures	<u>101,033,934</u>	<u>106,321,800</u>	<u>114,140,700</u>
Excess of revenues over (under) expenditures	<u>\$ 341,300</u>	<u>\$ (270,527)</u>	<u>\$ -0-</u>

Source: The Uniform Statewide Accounting System *Revenues and Expenditures by Fund, Program, Organization, and Object* reports for the years ended June 30, 1995 and 1996. Estimates for the year ending June 30, 1997 were provided by the State Board staff.

## Audit Scope and Methodology

This audit focused on the State Board's oversight of Arizona's community colleges and used several methods to review issues, including:

- Performing a content analysis of State Board meeting minutes for the last two years to classify and review Board actions.
- Conducting a mail survey of 102 community college stakeholders throughout Arizona regarding State Board roles and functions. The stakeholders, who directly administer the community college program, include 17 State Board members, 50 district governing board members, 25 community college presidents, and 10 district chief business officers.
- Holding focus groups with faculty at each of Arizona's 3 public universities to obtain their views about the new transfer articulation plan and what needs to be done to implement it.
- Conducting a 49-state survey of community college administrators to identify their roles and functions and interviewing administrators in 9 of the states identified as having boards similar to Arizona's.
- Visiting 11 community college campuses throughout the State to assess facilities and services provided and discuss issues with both students and faculty.

This report presents findings and recommendations in four areas:

- The State Board needs to take a stronger statewide leadership role by measuring the effectiveness of the community college system and by conducting ongoing quality assessments of college academic programs.
- The State Board should ensure that the new credit transfer agreement with state universities is successfully implemented and allows students to transfer from a community college to a university without losing course credits.
- The Legislature should consider amending statutes to allow community college districts to own college property.
- The Legislature should consider eliminating statewide certification of community college faculty.

In addition, this report presents other pertinent information on the current status, plans, and projected costs for the project to extend distance-learning technologies throughout the State.

This audit was conducted in accordance with generally accepted government auditing standards.

The Auditor General and staff express appreciation to the following persons for their cooperation and assistance during the audit: the State Board members and staff, district board members, and community college personnel.

## FINDING I

### BOARD NEEDS TO TAKE STRONGER STATEWIDE LEADERSHIP ROLE

The State Board could strengthen its leadership role in Arizona's community college system by focusing more of its efforts on its most important responsibilities. The community college system receives substantial state funding and affects not only thousands of students but also the State's business community, which relies on the system to provide employees who are sufficiently educated for the job market. The Board, charged by statute with overseeing the system, has taken steps toward a stronger role, but has not sufficiently addressed two fundamental areas. First, the Board does not adequately measure community college system effectiveness, both at the statewide level and the college level. Second, it does not conduct ongoing assessment of academic program quality. The Board could increase its ability to provide meaningful leadership by following other states' examples in measuring institutional effectiveness and periodically evaluating existing academic programs.

#### **Community College System Important to State**

The State has a significant interest in the quality and effectiveness of the community colleges because they are an important part of Arizona's education system. In the fall 1996 semester, the system served 155,385 students, including 34,518 who attended full-time and 120,867 who attended part-time. By contrast, the state universities served 101,228 students, over two-thirds of whom were full-time, in fall 1996. State appropriations to the system are significant, providing approximately \$103 million in fiscal year 1995-96. Further, the State's business community relies on the colleges to provide training to employees, as well as to supply a pool of job applicants who are prepared to meet employers' needs. For example, in 1995-96, the community colleges awarded certificates to 4,501 students in occupational programs such as health professions, business management, and building trades.

*State Board plays important part*—The State Board has an important role to play. A.R.S. defines the State Board's purpose as to provide for the oversight, planning, and coordination of the community college system in areas of statewide concern. Specifically, the Board is directed to set operating standards for colleges, prescribe guidelines for course transfer, and establish curricula and courses that serve the interests of the State, among other responsibilities. Recently, the Board and its staff have begun to study how the Board can best serve the community college system. In 1996, the Board drew together a

Committee on the Future to discuss the future of Arizona's community colleges and to consider how the system can best meet the State's changing needs. Committee members surveyed a large group of stakeholders about their satisfaction with the system and how it could be improved. This effort, which drew upon the knowledge and views of district and State Board members, students, college administrators, taxpayers, and others, yielded a number of specific recommendations. As a result, the Board has convened task forces to address some of the recommendations, including distance learning, teacher certification, and transfer of community college credits to universities. (See Finding II, pages 13 through 17, for information about the transfer articulation project, and Finding IV, pages 23 through 24, for more information about teacher certification. Pages 25 through 27 provide other pertinent information about distance learning.)

## **Board Should Focus on Effectiveness in Two Areas**

While the recent studies and task forces represent important progress toward effective statewide leadership, the Board should focus on two crucial areas to ensure the system is effectively serving the State's needs. First, the Board should measure system effectiveness, both at the statewide level and the college level. Second, it should initiate ongoing assessments of academic program quality.

*Board should measure system effectiveness*—To meet its statutory oversight role, the Board should assess and monitor statewide system performance. A Board-sponsored Task Force on Institutional Effectiveness has identified five key elements of system performance: access to education, transfer effectiveness, economic impact and workforce development, community development, and return on investment. Information about these elements would answer questions about whether the system meets the needs of its various constituent groups, such as students, employers, universities, the community, and the State, and would permit objective assessment of the cost-effectiveness of the system and each college.

However, while the need for statewide collection of information related to institutional effectiveness has been recognized for at least 10 years, little progress has been made. For example, the 1987 Sunset review (Auditor General Report 87-4) of the State Board found that because the Board did not require districts to report on student success, several districts did not monitor the success of their students. The report stated that such monitoring could enable colleges and the Board to make comparisons, identify potential problems, and revise or even terminate ineffective programs. Nearly ten years later, in April 1996, a stakeholder group convened by the Board found that there is no statewide tracking system of institutional assessment efforts, although it is desperately needed. The Committee on the Future confirmed, in September 1996, that the lack of consistent information on programs and students continued to be a major weakness in the current system. Nearly all of the stakeholders surveyed for this audit, including all state Board

members who responded to the survey, reported that tracking students and measuring effectiveness were valuable, but many respondents said the Board does not perform these functions.

In response to the Task Force's recommendations, the Board has taken some steps, but it has not gone far enough. For example, as a first step toward measuring transfer effectiveness, the Board now receives reports from the university system showing numbers of university students and university graduates who earned community college credit. However, neither the Board nor the community colleges have requested report cards from the universities like those provided to high schools, which show the number of the school's students who applied to the university, the number admitted, and their success measured by grade point average. The Board has made less progress in other elements of system performance, relying on the districts to evaluate themselves. For example, the Board has indicated that cost-effectiveness monitoring is not an appropriate function for the Board, in part because the majority of college funding does not come from the State. However, the State does provide over \$100 million annually to support the community college system, and has a legitimate interest in ensuring that its money is used in the most cost-effective way.

Other states do more to measure institutional effectiveness. Twenty-seven of the 40 states contacted said they directly measure the effectiveness of their community college systems. In addition to academic program evaluation, these states examine educational costs and benefits, student success, and job placement rates. For example,

- Utah's System of Higher Education (USHE) issues a biennial assessment and accountability report regarding its effectiveness in areas of legislative interest, including student outcomes, faculty productivity, and program and facility measures. In the student outcomes area, the report presents information on graduation rates, student satisfaction, and the relationship between students' education and their ability to find employment. Among other details, the report includes average numbers of credits to degree completion at each college, percentages of students accepted into more advanced training, and results of surveys indicating the reasons students chose to leave without completing a degree. USHE draws together information from institutional reports and other relevant data sources, and presents it in a single, comprehensive report.

Arizona's Board intended to follow through on the Task Force recommendations by issuing an annual report on all five elements, based on districts' self-reported information. However, the Legislature eliminated funding for the Board's only research associate position in 1995. As a result, the report was never issued, although the research associate did prepare a report on Return on Investment in 1995.

*Board should monitor academic program quality*—In addition to monitoring system performance, the Board should conduct periodic evaluations of academic programs and specific courses. Program evaluation measures whether academic programs are achieving the desired effects in areas such as student success, program quality and consistency, and cost to the State. The need for cost-effectiveness evaluation was noted in the 1987 Sunset review, which stated that occupational courses may have limited life spans if the market for an occupation has been eliminated or reduced; and without continuous systematic review, programs may outlive their usefulness. Evaluation of program quality is equally important, both to ensure transfer students' success in universities and to ensure students in occupational programs can meet the challenges of expanding technology and increasing competitiveness. Arizona stakeholders agree on the importance of evaluating program quality. More than 90 percent of respondents to a survey conducted for this audit identified evaluating program quality as an important function.

Currently, the Board limits its program review to approving proposals for new programs, which involves reviewing new program proposals to verify that college representatives have performed a needs assessment and obtained authorization from the district governing board to begin the new program. In 1995 and 1996, the Board approved 20 new academic programs in this way. This initial approval aids communication among colleges and helps to avoid program duplication, because the process involves notifying all districts of the proposed program. However, it does not ensure that, over time, the programs provide high-quality, relevant education.

In comparison, other states do evaluate existing programs to determine their effectiveness. For example,

- The Texas Higher Education Coordinating Board reviews programs to encourage continuous improvement of the colleges, ensure accountability for public expenditures, and demonstrate and promote the quality of Texas colleges. Each community college performs annual self-evaluations of program effectiveness and reports to the Board, and every five years the Board conducts an on-site review of each college that includes verifying reported outcomes. As a result of the Board's recent reviews of 1,291 technical programs, it was determined that 21 percent of the degrees or certificates should be discontinued, while 79 percent were recommended for continuation or continuation with improvements. The reviews also enabled the Board to issue awards to several exemplary programs.

As with monitoring institutional effectiveness, Arizona's Board considers monitoring program quality a function of districts and colleges. However, the State's financial investment in the colleges, as well as the importance of ensuring that college students are well prepared to contribute to the State's economy and succeed in state universities, make monitoring program quality a legitimate function of the Board. Further, as in Texas, a state-

level review can identify excellent programs and lead to enhanced sharing of best practices with other programs throughout Arizona.

## **Recommendations**

1. The Board should measure and report on systemwide institutional effectiveness by:
  - a. Establishing evaluation standards for measuring institutional effectiveness in the five areas identified by the 1994 Task Force on Institutional Effectiveness:
    - Access to education
    - Transfer effectiveness
    - Economic impact and workforce development
    - Community development
    - Return on investment
  - b. Determining which data can be collected independently by Board staff, and which should be provided to the Board by the community college districts,
  - c. Providing guidelines to districts for information to be included,
  - d. Collecting, analyzing, and verifying the data, and
  - e. Reporting annually to the Legislature.
  
2. The Board should assess and monitor academic program quality by:
  - a. Establishing evaluation standards for reviews of academic programs and courses,
  - b. Requiring districts to conduct and report on internal reviews of program quality, and
  - c. Conducting periodic reviews of academic programs and courses to measure effectiveness, determine continued need, and recommend improvements.

## FINDING II

### NEW TRANSFER PLAN REQUIRES AN EXTENSIVE IMPLEMENTATION EFFORT

In response to legislative direction, the Board and the Board of Regents designed a new transfer process to help students move smoothly from community colleges to state universities. Although previous agreements help students transfer without losing credits, the new transfer plan contains several features that may improve transfer procedures. Because the new plan requires development of new course work requirements for transferable associates degrees, community colleges and university faculty have considerable work to do to set the new process in motion. Additionally, community colleges and universities will need to monitor available data to determine the new plan's effectiveness.

#### Background

Every year, thousands of Arizona students transfer from community colleges to universities. However, recent studies of students who graduated from Arizona universities with more credit hours than needed suggest that many community college credits do not apply toward university degrees. Several states have addressed this nationwide problem by requiring development of transfer agreements between two-year colleges and state universities. Similarly, in 1996, the Arizona Legislature mandated that the universities and community colleges work together to improve the transfer process and reduce credit loss. In response, the Board of Directors for Community Colleges and the Board of Regents formed the Transfer Articulation Task Force (Task Force) to plan a new transfer process. The Task Force expects to implement the new plan during the 1998-99 academic year.

#### Task Force Plan May Improve Transfer Process

The Task Force plan may improve upon existing transfer agreements between universities and community college districts. It contains several features that streamline and enhance existing transfer processes. However, even though improvements exist, some credit loss may still occur due to different requirements at each university.

*New features in transfer plan*—The new plan contains several features that may improve existing transfer processes. Existing agreements allow community college students to

follow a transfer course equivalency guide listing courses available at each community college that will count for credit in university programs. For example, the guide lists courses that a Biology major at Pima Community College should take if the student wishes to transfer to the Biology program at the University of Arizona without any credit loss. New transferable associates degrees will further simplify this process by creating easy-to-follow tracks for students who intend to transfer from community colleges to universities. Specifically, the Task Force plan will allow students to follow lists of prescribed courses which will make up complete associates degrees that universities will review as a whole, rather than examining each course separately to determine transferability.

The transfer plan also contains other new features. Unlike earlier transfer agreements, the plan will guarantee the transfer of credits awarded for assessment of prior learning, such as credits earned by taking a college-level proficiency test, or through some other nontraditional learning practice if included as part of a transferable associates degree. Furthermore, the new transfer plan will guarantee that transferable associates degree recipients can enter Arizona universities at the junior level, which will allow them enrollment in junior-level courses and give them priority for registration over freshmen and sophomores.

The new plan improves on existing transfer agreements in other ways. For example, it:

- **Establishes the Arizona General Education Curriculum (AGEC).** This defined list of approximately 12 general education courses, such as Freshman English, will transfer completely to state universities. If a student finishes all listed courses and earns a C grade or better, universities will accept all courses even when credit was awarded based on competency testing, prior learning, or other nontraditional course completion practices. Each university will determine its own unique list of courses for the AGECE. The AGECE replaces the Transferable General Education Core Curriculum, which included courses that occasionally failed to match requirements in some degree programs.
- **Sets new limits on the amount of acceptable transfer credit.** The Task Force recommends that universities limit the number of credits students can transfer from community colleges to universities to 60 credits plus 1 course. Such a limit would reflect a recent mandate for a 120 credit hour cap on baccalaureate degree requirements for all students. Previous transfer agreements allowed students to transfer credits, but many courses counted only as electives that did not satisfy specific degree requirements, thus contributing to excess credit hours.
- **Establishes a Course Applicability System.** This computer system will place lists of transferable courses on the World Wide Web, and will allow students to access their transcripts and assess how many courses they have satisfied toward any state university degree. In addition to the printed course equivalency guide, students and

advisors will be able to access up-to-date information about course equivalencies at Arizona universities from any personal computer with a modem.

- **Creates a data warehouse.** Arizona State University will maintain this database that will store information such as credits earned, community colleges attended, and grades earned by students at both the community colleges and at state universities. The data warehouse provides for potential monitoring of community college programs to determine the effectiveness of the new transfer plan. Community colleges also will be able to assess the success of transfer students attending Arizona universities.
- **Improves advising.** The plan will provide community college students intending to transfer with access to university advisement services. Additionally, each of the universities and community colleges will identify a Transfer Student Ombudsman to resolve transfer problems.

*Some loss of credits will continue*—Even though the Task Force plan contains many features to aid in the transfer process, long-term solutions to students losing credits may be difficult to find. For example, the new plan cannot prevent credit loss for students who change their decision as to which university to attend, or change their major. Because there are unique course requirements for each program at each university, community college students who take courses with the intent of enrolling in one university, and then decide to enroll in another university instead, could lose as many as 27 credits. Such credit loss could be prevented if all 3 universities had identical degree requirements. However, such standardization may also pose some problems. According to university faculty and administrators, standardization would sacrifice the distinctive qualities of common programs available at each university.

## **Much Work Needs to Be Done to Implement New Plan**

Timely implementation of the Task Force plan is dependent on several steps. First, university faculty need to agree on lower-division course requirements for community college students who transfer to universities. Then, the Board needs to assist community colleges in modifying their curriculum to fit newly developed associates degree requirements. The Board may also need to evaluate advisement capacity to ensure the plan's effectiveness and coordinate efforts to educate community college advisors about the Course Applicability System. When plan implementation is complete, the universities and community colleges should use the data warehouse to monitor transfer students success and measure overall plan effectiveness.

*Development of course requirements may cause delays*—It may be difficult for the Task Force plan to be implemented in a timely manner, because some university faculty appear

reluctant to support transferable programs. Some faculty we spoke with cited differences in resources and quality between community colleges as reasons not to support the transfer of associates degrees. However, university provosts responsible for implementing the new transfer plan said they are confident that associates degree requirements will be completed for each program, but added that this may not occur until the 1998-99 academic year.

***Board needs to take additional action***—While the Board can do little to influence university action, it can and should take other steps necessary for plan implementation. Specifically, the Board should assist community colleges in modifying curriculum to match university requirements for the new transferable associates degrees. The Board should do this by: 1) collecting and disseminating information to community colleges regarding new transferable associates degree requirements; 2) coordinating efforts to make such curriculum changes by acting as a central point for discussing course materials, teaching methods, and other possible curriculum changes related to development of new course requirements; and 3) ensuring that community colleges meet university curriculum requirements and can provide students with courses needed for transferable associates degrees.

The Board can also help students transfer by evaluating advisement resources and providing advisors with the training they need. The Board of Regents surveyed transfer students in 1995 who indicated that a lack of quality advising contributed to their loss of credits when they transferred from community colleges to universities. The new plan attempts to solve this problem by giving community college students access to university advisement services; however, only those students who have declared their intention to transfer to a specific university program may receive such advisement. The remaining students may also need advisement so they will be informed about future transfer options. Consequently, the Board may need to evaluate whether the community colleges have the resources to provide students with the advisement they need. The Board should also coordinate efforts to train advisors about the new Course Applicability System.

***Board should evaluate plan effectiveness***—Universities and community colleges should use information from the data warehouse to evaluate the effectiveness of the new transfer plan. The Task Force charged the Joint Conference Committee, consisting of Board and Board of Regents members, with monitoring implementation and measuring effectiveness of the new transfer plan. This Committee should use information from the data warehouse to evaluate the new transfer plan and make adjustments to the plan if needed. Because university faculty perceive differences in quality between community college programs, the Board should also use such information to evaluate transfer student success at the three universities. The Board could monitor credit loss, university grades, and graduation rates for transfer students from the various community colleges. It should then help community colleges identify strengths and weaknesses in transfer degree programs and publish this information in its annual report to the Governor.

## Recommendations

The State Board of Directors for Community Colleges should enhance its role in the implementation of the new transfer plan by:

1. Helping community colleges modify curriculum for the new transferable associates degrees by collecting and disseminating information regarding course development, new course materials, teaching methods, and other information regarding new course requirements.
2. Evaluating advisement resources at community colleges to facilitate early and adequate advising for transfer students and coordinate efforts to train advisors about the new Course Applicability System.
3. Monitoring information from the data warehousing reports on student performance and transfer program effectiveness at each community college to determine strengths and weaknesses of specific community college programs.
4. Disseminating information provided by the data warehouse regarding program effectiveness to community colleges by publishing findings in its annual report to the Governor.

# FINDING III

## COLLEGE PROPERTY AND BOND ISSUANCE AUTHORITY COULD BE TRANSFERRED TO DISTRICTS

Since approximately 80 percent of college funding now comes from local sources, college property ownership and control over future bond proposals should be transferred to the local districts. The local community college districts must pay for, operate, manage, and incur liability for college properties in their districts; however, the State Board holds title to these properties and reviews bond proposals before district residents can vote on them. Although state ownership of property and control over bond proposals was needed when state monies were used in developing the community college system, local districts now provide most of the funding and assume liability for the buildings. Transferring ownership to the local districts would not pose a risk to the State, and would allow the State Board to reduce the number of administrative actions it considers and to place more emphasis on statewide planning and oversight. In comparison, other Arizona entities and other states encourage local control of property ownership and bonding authority.

### **Real Property Ownership Could Be Transferred**

Although Arizona community college districts purchase and operate their college properties, the State Board actually owns the properties. In contrast, many other states allow their local community college districts to own their college properties. Although recent legislation to allow Arizona's local districts to own their college properties was vetoed by the Governor, the concerns cited in the Governor's veto message can be addressed. In addition, the transfer of property ownership to the local districts could reduce the number of administrative actions the Board must consider.

*Local districts could own college properties*—Since local taxes and tuition provide most college monies, and districts manage the daily operations and upkeep of their college properties, the districts could also hold title to these properties. On average, only 23 percent of districts' funding comes from the State, while the remaining 77 percent is raised through local tax levies, tuition and fees, and bonds. Moreover, under A.R.S. §15-1444, community college districts are responsible for the maintenance, operations, insurance, and litigation associated with the State Board's property. For example, when a lawsuit claimed one college's new building did not meet accessibility standards required by the Americans

with Disabilities Act, the college had to pay for its legal defense, although the architect who designed the building had been approved by the State Board.

The statutory requirement that the State Board hold title to all real property dates back to 1960, when only two colleges existed. According to former legislators, who helped establish the Board, the State desired ownership of college properties because it agreed to provide up to half of the colleges' operating expenses to assist the development of new colleges throughout the State. The State wanted control to protect its investment in the community colleges. However, local districts' investment in community college properties is now greater than the State's.

In 1991, the State Board's Ad Hoc Committee on Board Roles and Structure raised issues about local districts owning, purchasing, and leasing college properties. In response, the State Board delegated authority to local districts to lease real property without State Board approval, but retained its property ownership and the authority to approve district property purchases. State Board officials believe the transfer of property ownership to the districts would diminish its authority and control over local college operations.

*Others allow for local control over school properties*—In contrast to State Board property ownership, other Arizona entities and other states provide for local ownership of property and buildings. Arizona public school districts and counties can purchase, hold, and sell property without approval of the State Board of Education or other state agencies, even though they receive state capital outlay monies for maintenance and improvements to their properties. Further, slightly over half of the states contacted during the audit indicated that college property is owned by local districts, colleges, or trustees. For example, California and Florida, whose governance and funding structure are similar to Arizona's, provide for local ownership while the state pays most maintenance costs. According to officials, the advantages of local property ownership include less administrative expense for the state, less bureaucracy, and increased local control. Many Arizona stakeholders (85 percent of college presidents, district governing board members, and chief business officers surveyed during the audit) believe that property ownership should occur at the local level in Arizona as well.

*Concerns raised in veto of transfer legislation can be addressed*—Although recent legislation to transfer college properties to the local districts was vetoed, the questions raised by the veto can be answered. In 1996, House Bill 2472, which would have allowed the State to transfer college property titles to districts upon request, won overwhelming approval in the Legislature. The Governor vetoed the bill, citing unanswered questions about the need for title insurance, ownership of some colleges by the State and some by districts, and whether a transfer to the district would rescind the gift if a property had originally been donated to the State. Each of these questions can be satisfactorily addressed, and none of them should adversely impact the transfer of college property from the State to individual districts:

**Title insurance not needed**

Title insurance is not needed for a transfer from the State to a district. Title insurance is not mandatory, and it simply assures the new owner that a title search was correctly performed and found the record showed no defects in the title. The key to title insurance is knowledge about the matters of record. Since the State owns the property, and the district manages it, both the State and the district would know about any matters affecting the title that arose after the State acquired the property. Matters that arose prior to the State's ownership probably would have been discovered at the time the State took possession of the property.

**Inconsistent ownership not a problem**

Inconsistent ownership of property does not present a problem and, in any case, could be addressed in new legislation. The Governor asked whether it would not be simpler to transfer all state-owned college property to districts, instead of allowing districts to choose whether or not to request the transfer as provided by HB 2472. A uniform transfer would certainly be simpler. The Legislature could address this question in a new bill. According to Board staff, certain exceptions might exist where gift covenants or leasehold agreements might require state ownership. However, retaining title to these properties would not place a greater burden on the State than retaining title to all property under the present system.

**Donations could be reviewed individually**

Donated property would have to be reviewed on a case-by-case basis. If the donor specified that the property was to be used for a college, the donative purpose would still be satisfied if ownership were transferred to the district. Even if the deed specified that only the State could use the property for a college, it is unlikely that the property would revert to the donor or the donor's heirs. A 1983 court case involving Navajo County<sup>1</sup> found the donor's heirs could not reclaim donated property from the county, even though the county was using the property for a different purpose than the one described in the deed.

*Local control would reduce administrative work*—Transferring property ownership to the local districts could reduce the volume of district property plans the Board must approve. Since the State Board owns the local college properties, it must review and approve all local district land acquisitions, new construction, and major renovations. Both the Board and districts perform extra work associated with the Board's review of all property purchases, building concepts, location of new buildings on the property, architects, and building designs. In 1995 and 1996, items related to property ownership and constructing college buildings accounted for 20 percent of the State Board's total agenda. Each item required the district to prepare detailed paperwork for review by the Board and its staff. However, these activities seemed to add little value to the process, since most received very little or no discussion.

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<sup>1</sup> Lacer v. Navajo County, 141 Arizona 396, 687 P. 2d 404 (1983).

## **State Board Review of Local Bonds Could Be Eliminated**

In addition to owning property, the local districts should also have the authority to place general obligation bond issues before their voters without State Board review. Revenue bonds, however, should continue to be reviewed by the Board because they do not require voter approval and they rely on tuition established by the Board for repayment. The Board's approval of district general obligation bond issuances may preempt local control and local voters' decisions as to the bond's appropriateness. In order to acquire land and build new properties, community college districts must seek Board approval for general obligation bond elections under A.R.S. §15-1465. This requirement can result in denying voters a voice when the Board rejects districts' bond proposals.

Local districts in several other states and local school districts and political subdivisions in Arizona have control over the issuance of bonds. For example, Arizona's K-12 school districts, cities, and counties can issue bonds without the approval of a state oversight agency. This system proves advantageous for local control, since local voters decide whether or not the bond issuance is appropriate. In addition, states such as California, Florida, Mississippi, and Oregon, which are similar to Arizona in their governance structure, allow their local college districts to issue bonds without state approval. In Mississippi, local college districts can issue bonds with or without legislative approval, as long as local voters approve. An Oregon representative noted that districts have bonding authority, even though the state's share of community college funding has increased from 30 to 50 percent in recent years. In addition, during the audit, 64 percent of Arizona's district governing board members, college presidents, and chief business officers responding to a survey indicated that the authority to issue bonds should reside at the district level.

### **Recommendations**

1. The Legislature should consider revising A.R.S. §15-1424(C) to allow community college districts to own property, and to provide the State Board authority to convey the property to community college districts.
2. The Legislature should also consider revising A.R.S. §15-1465(A) to allow community college districts the authority to issue general obligation bonds, upon approval of district voters, without obtaining approval from the State Board.

## **FINDING IV**

### **STATEWIDE CERTIFICATION OF COMMUNITY COLLEGE TEACHERS COULD BE ELIMINATED**

The statutory requirement for State Board certification of community college teachers could be eliminated without compromising instructional quality. Although the State Board reviews teacher credentials and work experience for certification, district hiring practices and accreditation requirements go further to ensure teachers are qualified. Additionally, Arizona is one of the few states that certifies college teachers. If teacher certification is eliminated, a plan will be needed for using the balance of certification fund monies, which were received from teacher certification fees.

#### **Other Processes Already Ensure Instructional Quality**

Although the State Board certifies potential community college teachers in accordance with A.R.S. §15-1425, district hiring practices and accreditation processes already ensure that college faculty are qualified to teach. Currently, teachers must obtain State Board certification by submitting a completed application, letter of work experience, transcripts, and a certification fee. College districts perform the same credential checks as the State Board during the faculty hiring process. District officials go beyond the State Board certification process by also interviewing potential teachers and conducting peer reviews to ensure quality instruction.

In addition to district practices, the North Central Association (NCA) accredits all Arizona colleges and periodically reviews teacher credentials and instructional quality. NCA reviews verify that a college has policies and procedures in place to ensure that it employs a faculty with degrees from accredited institutions that are appropriate to the level of instruction offered by the college. In addition, the NCA requires colleges to document that faculty teaching transferable courses hold graduate degrees.

#### **Certifying Higher Education Faculty Is Unusual**

Arizona is one of the few states that certifies community college faculty. Of 40 states surveyed during the audit, only one, Wisconsin, certifies its college faculty to maintain a

statewide standard of quality. Other states' officials believe college accrediting associations ensure the hiring of quality college instructors by requiring colleges to have policies and procedures in place addressing minimum hiring standards, and that any statewide process only creates another layer of bureaucracy that costs time and money. Some officials believe that performance evaluations are a much more effective mechanism for ensuring instructional quality than a pre-hiring certification process. Further, other higher education faculty, such as those at Arizona's state universities, are not required to obtain state certification in order to teach.

## **Certification Fund Balance Could Be Used to Enhance Teaching**

The State Board's Certification Fund, consisting of fees collected from certification applicants, could be used to enhance teaching, if the Legislature elects to do so. Currently, certification fees are deposited into a Certification Fund, which may only be used to defray the cost of certification, according to A.R.S. §15-1425. As of December 31, 1996, the balance in the Fund had grown to approximately \$214,000, of which the Legislature appropriated \$100,000 in 1997 to support the Course Applicability System. If the State Board teacher certification process is eliminated, a plan will be needed for using the balance of the certification funds. Potential uses include rewarding outstanding teachers, funding enhanced training for teachers, providing academic-based community college scholarships, as recommended by the JLBC in 1996, or providing further support for the Course Applicability System.

## **Recommendations**

1. The Legislature should consider revising A.R.S. §15-1425 to eliminate certification of community college faculty.
2. If the Legislature eliminates State Board teacher certification, the State Board should develop for legislative approval a plan for using the balance of the certification fund monies.

## OTHER PERTINENT INFORMATION

During the audit, other pertinent information was collected about efforts to expand distance-learning classes for community college students. Together, the State Board of Directors for Community Colleges (State Board) and other government agencies are developing a plan for an integrated, statewide telecommunications infrastructure. Even though contracting for the infrastructure may save the State millions of dollars, community colleges may have underestimated costs for expanding distance-learning programs.

### Background

Distance-learning technology enables interaction between teachers and students at different locations. Teachers and students can hear and see each other, and even work together simultaneously on the same document using computers. Distance-learning classes provide students who live or work in remote places with better access to education. Examples of courses based on distance-learning technologies include:

- **Interactive television courses** These courses allow students in remote areas of the State to see, hear, and speak to their instructor and other classmates via television equipment.
- **Video and Internet correspondence courses** These courses let students watch a class shown on television or recorded on videotape. Students enrolled in these courses access the Internet using personal computers to ask instructors questions, turn in assignments, and take tests.
- **Multi-media courses** Such courses provide students with access to course materials and content at any time using a computer equipped with a modem. Multi-media courses may offer features such as on-line interviews with instructors or experts, video demonstrations, and links to reference materials.

Distance-learning classes already reach some students in rural Arizona. Currently, the Arizona State Public Information Network jointly operated by the three state universities enables some public libraries, public schools, hospitals, community colleges, and businesses near state universities to share information over an electronic network. Additionally, the universities, public schools, and community colleges provide thousands of students with educational opportunities by using interactive television or television broadcasts. Finally, a separate communications network developed by Northern Arizona University called NAUNet provides classes at several community colleges using interactive voice, data, and video.

*Plans exist to expand distance learning*—Recognizing the potential education benefits for rural Arizona students, the 1996 Legislature approved a \$1.1 million education technology grant to the State Board, directing it to consolidate and broaden distance-learning efforts throughout the State. In response, the State Board joined with the universities and collaborated with the Governor's Office of Telecommunications Policy to form Project EAGLE (Education and Government Linking Electronically). As a group, they are developing a plan to contract for an integrated statewide telecommunications infrastructure.

By contracting with a private vendor, the State may save millions. Other states' experiences suggest that states that contract for the development of public telecommunications infrastructures save money. Georgia and Iowa each built and maintain a separate public telecommunications infrastructure and have spent \$70 million and \$118 million, respectively. Other states, such as Idaho and Virginia, spent less than \$20 million each by contracting out development of their telecommunications infrastructure. In those states, a contractor absorbed costs for developing a state telecommunications infrastructure in exchange for rights to provide services, such as the Internet and video conferencing. Currently, members of Project EAGLE are planning to enter into such a contract, and a Request for Proposals (RFP) was issued to potential bidders on May 5, 1997.

*Costs may be underestimated*—While contracting out development of the state telecommunications infrastructure may save the State money, community colleges will need to pay for other items and services necessary for expansion of distance learning, including:

- **Acquisition of switches to connect sites** Community colleges will need to purchase equipment to connect community college sites to the telecommunications infrastructure.
- **Equipment for distance-learning classrooms** Items such as cameras and microphones for interactive television courses and computers for Internet courses will need to be acquired.
- **Classroom reconfiguration for interactive television courses** Community colleges need to redesign some classrooms to support interactive television course activities that require teachers and students to see and hear each other.
- **Telecommunications infrastructure user fees** Future community college costs will include fees to the infrastructure contractor to use services such as Internet and video conferencing.
- **Course content development** Course content must be specially developed for interactive television, Internet, and multi-media classes. Such development costs may include computer software, instructor preparation time, and computer programming.

Community colleges expect to pay for such costs with \$1.7 million requested in additional state monies and \$7 million already budgeted by the community colleges for technology-assisted learning in fiscal year 1997-98. Community colleges also expect that higher enrollment in distance-learning courses will defer future costs.

In some areas, it appears that community colleges may have underestimated costs associated with expanding distance learning. In particular, estimates for course content development may be low. According to distance learning experts, development of one multi-media course can take a year to complete and cost between \$250,000 and \$500,000. A State Board administrator predicted that community colleges will use such technology to provide most distance-learning courses by 2010. Furthermore, estimates for providing equipment may be low. Most community colleges have not predicted how much demand there may be for Internet-delivered courses. Only the Yavapai County Community College District has budgeted monies (\$50,000) to provide additional personal computers for students use.

# SUNSET FACTORS

In accordance with Arizona Revised Statutes §41-2354(D), the Legislature should consider the following 12 factors in determining whether the State Board of Directors for Community Colleges of Arizona should be continued or terminated.

## **1. Objective and purpose in establishing the State Board.**

The Arizona Legislature established the State Board in 1960 based on the recommendations of a Junior College Survey Committee it had previously established. Former legislators, who helped establish the State Board, indicated that the Board was to provide statewide authority and control over: (1) state money for developing community colleges, (2) the selection of college presidents, and (3) the programs and courses offered by the colleges. Also, the State Board completed the spectrum of education along with the State Board of Education and the Board of Regents.

According to the Sunset legislation, Laws 1988, Chapter 45, The purpose of the State Board of Directors for Community Colleges is to provide for the government, oversight, planning and coordination of the community college system in areas of statewide concern. To carry out this responsibility, the 17-member State Board is empowered by statute to set college standards, establish curricula, fix student tuition, certify faculty, provide funding, approve financial obligations, own college properties, and determine location of campuses. Additionally, the State Board is charged with protecting the interests of the state by providing strategic planning, accountability, and assurance of effective statewide institutions.

## **2. The effectiveness with which the State Board has met its objectives and purposes and the efficiency with which the Board has operated.**

At its meetings, the State Board routinely reviews and approves various community college district operations. District operational items requiring State Board approval include tuition, academic programs, intergovernment agreements, and new campus construction and renovation projects. Some approvals, for example, construction projects, require the colleges to formally present both architectural plans and, subsequently, construction plans, at State Board meetings. The Board approves most of the district operational items with little or no discussion. However, these required approvals are burdensome and time consuming for the State Board, its staff, and the districts and colleges involved.

The State Board has recently acted to expand its role beyond the required approvals of district operations. It represented the community colleges in statewide issues regarding transfer articulation and distance learning. Although a step in the right direction, the Board can do more to represent the interests of the state to ensure effective and efficient community colleges. The State Board can further strengthen its statewide leadership role by measuring and reporting on systemwide institutional effectiveness and by assessing and monitoring academic program quality (see Finding I, pages 7 through 11).

**3. The extent to which the State Board has operated within the public interest.**

Although the State Board has taken a leadership role on the statewide issues discussed above, the general public would like it to do more. In 1996, the Board asked a large public group of students, taxpayers, community college administrators, legislators, university representatives, and high school teachers about their satisfaction with the State's community college system and ways it could be improved. The group responded that the colleges must remain under local control with state-level coordination to ensure consistent quality education across the State. The respondents want the State Board to provide more effective statewide oversight and coordination to measure the progress of both students and colleges.

**4. The extent to which rules and regulations promulgated by the State Board are consistent with the legislative mandate.**

In response to our request, the Governor's Regulatory Review Council reviewed the rules of the State Board to determine consistency with the Board's statutory authority. The review concluded that the Board's rules appear to be within its statutory authority, but to conform with its rule-making responsibilities, the Board should:

- Develop, and submit for the Attorney General's approval, rules that address A.R.S. §§15-1425(2) regarding standards for accreditation; (6) regarding designating courses; and (12) regarding course transferability; and
- Submit its existing rules regarding tuition and fees to the Office of the Secretary of State for publication in the Arizona Administrative Code.

Further, the Council recommends that the Board's rules be improved by amending them to conform more closely to current rule-writing standards by using the active voice and avoiding gender-specific language.

**5. The extent to which the State Board 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 Board considers proposed rules at its regularly scheduled State Board meetings, which are conducted in compliance with the State Open Meeting Law. The law requires posting the meeting agenda in a public place a minimum of 24 hours prior to the meeting. Auditors verified that postings were timely.

Prior to each State Board meeting, an agenda is mailed to about 160 persons: community college officials, university officials, legislators, the Governor, media, representatives of business, and others. An action summary listing highlights of each State Board meeting is also mailed to these individuals. As necessary, press releases are prepared regarding controversial issues. Auditors tested the mailings and found them to be timely and accurate.

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

Complaint resolution is not a major function of the State Board. Occasionally, complaints are received and resolved under general authority provided in A.R.S. §15-1425. Most complaints are handled in cooperation with the specific community college or district in question. For example, in 1991 the Yavapai County Community College District Board obtained State Board assistance with a local governance problem involving district board members no longer living in the district and other personnel problems.

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

This factor is not applicable since the State Board is not a regulatory board.

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

In recent years, the State Board has acted jointly with community college districts to initiate legislative action addressing local community college concerns, such as increasing state aid and supporting a bill creating the Work Force Recruitment and Job Training Program. Also, in 1996, the Board jointly sponsored with the community college districts a legislative initiative that resulted in an appropriation for planning and implementing a distance-learning network.

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

This audit recommends that the Legislature consider modifying the State Board's statutory authority by deleting the requirement that the Board own all community college property, the requirement that the Board approve district bond proposals, and the requirement for statewide certification of community college teachers (see Finding III, pages 19 through 22, and Finding IV, pages 23 through 24).

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

Termination of the State Board would not pose a direct, immediate harm to the public health, safety, or welfare. However, it would eliminate an important state-level coordinating and oversight function in the area of educational policy.

If the State Board were terminated, its functions could be transferred to another body, such as the State Board of Education or the Arizona Board of Regents. However, some community college supporters believe that placing community colleges under another board would be detrimental, resulting in the community colleges and their constituents taking a back seat and not receiving the attention they need. Further, a Board of Regents member commented that if the board absorbed the community colleges it would likely need more staff to deal with the added responsibilities.

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

This factor is not applicable since the State Board is not a regulatory board.

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

The State Board uses private contractors for some activities. For example, the Board contracts with a group of architects and engineers to help in the review of major construction and remodeling projects. The Board also contracts for administrative services, such as computer programming and the development of graphic art. Also, the State Board is planning to use private contractors for developing a statewide network to transmit distance-learning technologies.

## **Agency Response**

July 7, 1997

Mr. Douglas R. Norton  
Auditor General  
State of Arizona  
2910 North 44<sup>th</sup> Street, Suite 410  
Phoenix, Arizona 85018

Dear Mr. Norton:

The following is a response on behalf of the State Board to the report of the Performance Audit and Sunset Review of the State Board of Directors for Community Colleges of Arizona. We appreciate this opportunity to respond to the observations and recommendations contained in the report.

We would like to compliment the very capable audit team, headed by Mr. James W. Owczarzak, that performed this audit. The team was both diligent and thorough. The State Office staff and I were kept well informed of the work of the team and we met together on a regular schedule to discuss issues being considered by the team. Our perspectives on the issues were respectfully considered and there are no surprises in the report.

While we generally agree with the findings and recommendations contained in this report, there are a few areas that require some clarification. We will address each finding in turn.

**Finding I: Board Needs to take Stronger Statewide Leadership Role**

We agree with the thrust of this section. While fully meeting the expectations of this recommendation will be challenging to both the State Board and the staff, we agree that it is appropriate and necessary. In implementing this recommendation, the State Board will remain sensitive to the balance between local and state funding of Arizona community colleges. We would also like to point out the necessity of funding the State Office research associate position that is discussed in the body of this report.

**Finding II: New Transfer Plan Requires an Extensive Implementation Effort**

Again, we agree with the thrust of this section. Very significant progress in transfer articulation has been made during the past year but much more must be done before the

improvements envisioned in the Report of the Transfer Articulation Task Force are institutionalized. The actions by the State Board and the Arizona Board of Regents indicated in the report will be necessary for the plan to be implemented as well and completely as needed. In addition, we emphasize that this is a joint statewide effort that will require state-level funding for proper implementation.

**Finding III: College Property and Bond Issuance Authority Could be Transferred to Districts**

We agree with the central premise of this recommendation. While the present arrangement has served Arizona well and may have been necessary in the early years of the development of the system, there is no compelling reason why community college facilities must remain State-owned. Assuming, as the audit team asserts, that the legal complications associated with outstanding bonds can be satisfactorily overcome, and that title insurance is not required by bondholders, we see no reason why facilities ownership could not be transferred to the community college districts. We are somewhat less sanguine than the audit team that these issues have been satisfactorily resolved. Further, it is our understanding that some community college districts may prefer the present ownership arrangements.

We disagree that inconsistent ownership would not be a problem. If the transfer of ownership is to take place, we believe that it should be on a statewide basis and the transfer should be complete. We recognize that there may be instances where gift covenants or leasehold agreements would require the State Board to retain ownership, but these will be very few, if any. If any such instances occur, they can be handled as exceptions and they should be the only exceptions to the full transfer of property.

The degree to which the legal impediments to title transfer can be expeditiously overcome, and the preferences and concerns of the several community college districts, should be determined before legislation to implement this recommendation is considered. If these matters can be resolved to the satisfaction of the State Board, we will support the transfer of property ownership to the community college districts.

We further agree that if the property titles are transferred to the community college districts, there would be no necessity for the State Board to approve general obligation bonds.

**Finding IV: Statewide Certification of Community College Teachers Could be Eliminated**

We agree that certification of community college teachers by the State Board is unusual and that most states have discontinued the practice. We believe that the certification function is being handled well and customer satisfaction is high. Since the certification

function is funded by user fees, there is no expense to the taxpayer. As with the previous finding, we understand that there is a division of opinion among the community college districts regarding the usefulness of certification. The preferences and concerns of the several community college districts, as well as the impact upon course credit transfer to Arizona's universities, should be determined before legislation to implement this recommendation is considered. The State Board will support a change if that is the preference of the community college districts.

If the certification function is discontinued, we agree with the suggested disposition of the balance of the certification fund monies.

### **Other Pertinent Information: Distance-Learning Costs Underestimated**

The information presented in this section appears to be accurate and useful. The cost of developing new distance education courses will undoubtedly require some additional continuing state-level funding specifically targeted to that function. It may be useful, in addition, to point out that several Arizona community colleges have had many years of experience with distance education.

- The Mohave Community College District has a decade of experience in interactive instructional television (IITV). Using IITV, the District extended classroom instruction into remote sites at Bullhead City and Lake Havasu City. The District also uses audio and video tapes and mixed media to provide access to students who cannot meet scheduled classes.
- Arizona Western College has similar experience and has joined Mohave in exchanging classes.
- For a number of years Yavapai College has used IITV to provide instruction in the Verde Valley from the Prescott campus. Yavapai College has also implemented multimedia instructional presentations and computer-based instruction. Yavapai College has demonstrated that the costs of IITV are "paid" by the 34% increase in average class size of the IITV courses. Yavapai College schedules about 54 hours of instruction per week for each of its two television channels. Based on the College's experience with the first course in biology, Yavapai College also has demonstrated that their multimedia instruction increases completion rates, retention, and enrollment in subsequent courses.<sup>1</sup>
- Central Arizona College is using IITV to achieve economic class sizes in courses that previous could not have been offered. The College seeks to offer all of the courses

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<sup>1</sup> Similar results are documented in Jossey-Bass' "Handbook of Undergraduate Curriculum" published in 1996.

that a student needs to transfer to an Arizona university with full credit for the first two years of instruction at the three principal IITV sites in the District.

- As a distance learning college, Rio Salado College is expanding the number of courses and degrees offered via the Internet and is continuing to do so at low costs per student.
- In pilot courses Spring 1997, the Arizona Learning Systems demonstrated the ability to transmit course materials across district boundaries. Students in Navajo and Yavapai counties took courses from Rio Salado College in Phoenix and Central Arizona College in Coolidge as well as courses each of the two districts originated. Results of these pilot courses will be available later this summer.
- Although Arizona community colleges are principally using distance learning to achieve greater access to higher education, the colleges are aware of the costs of the technology. The colleges have prudently employed the technology, not as a unique demonstration, but a system that is used every day as an integral part of the college's instructional programs.

In conclusion, we agree with most of what has been recommended. We have provided observations regarding some of the findings and have offered additional information regarding distance education.

Sincerely,

Donald E. Puyear  
Executive Director