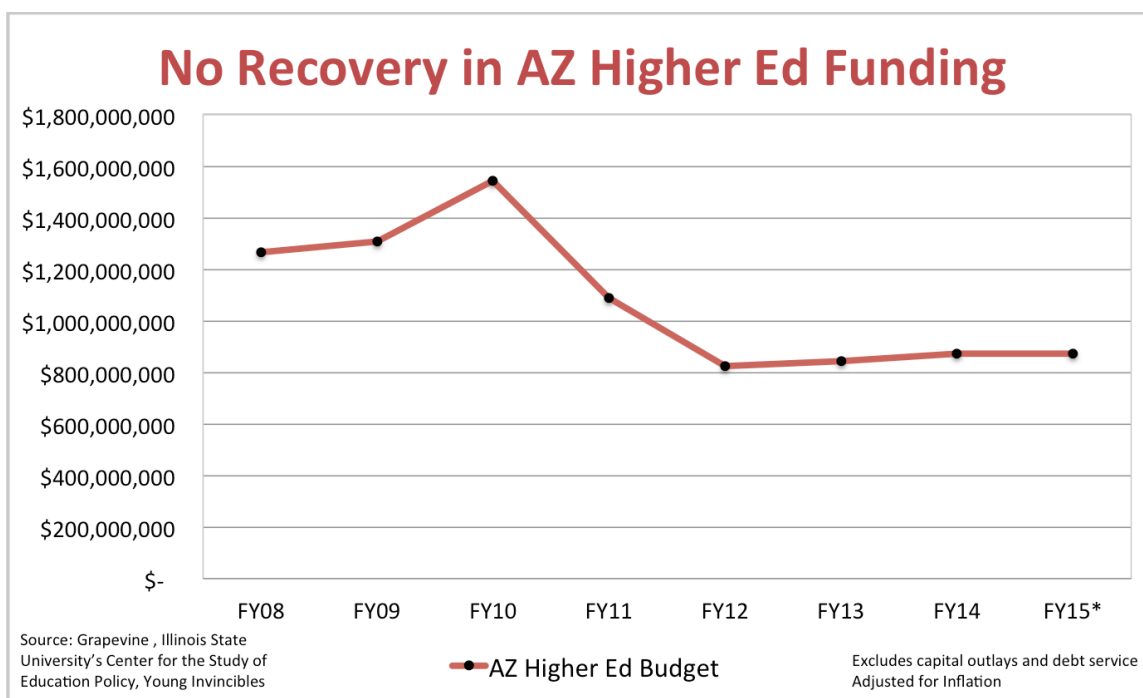


The 2014 legislative session is well underway in Phoenix, and state lawmakers are making budgetary and policy decisions affecting students and families. Here's our summary of recent funding trends in Arizona higher education and some of the issues currently being debated.

**Major Cuts** - In 2013, Arizona's state legislature provided \$31.7 million in additional funding for higher education, for a total of \$873 million. This is still over \$600 million short, or just over half, of FY 2010's funding of over \$1.5 billion.<sup>1</sup> As a result, average tuition in Arizona has nearly doubled in the last five years.<sup>2</sup>

Spending per student has also steadily declined. Enrollment increases during times of recessions, placing an acute burden on higher education systems; institutions have to serve more students with fewer resources. In 2007, Arizona spent \$7,667 per student. In FY 2012, Arizona spent \$5,900, a cut of over \$1,700 per student.<sup>3</sup>



<sup>1</sup> Center for the Study of Education Policy, Illinois State University, Grapevine FY 13-14, Table 1, January 20, 2014, <http://grapevine.illinoisstate.edu/tables/index.htm>

<sup>2</sup> College Board, "Trends in College Pricing," <https://trends.collegeboard.org/college-pricing>

<sup>3</sup> SHEEO, State Higher Education Finance Report, FY 2012, March 6, 2013,

<sup>2</sup> College Board, "Trends in College Pricing," <https://trends.collegeboard.org/college-pricing>

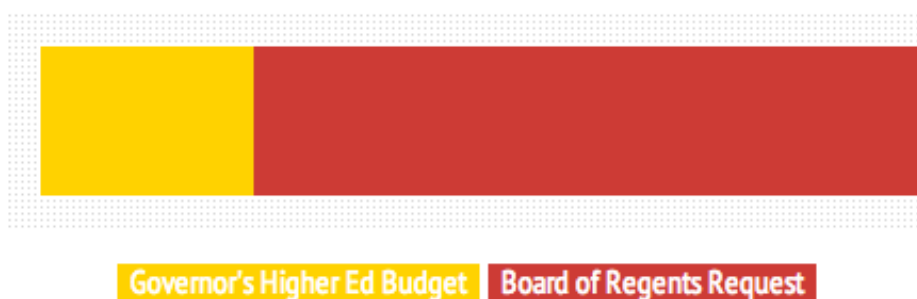
<sup>3</sup> SHEEO, State Higher Education Finance Report, FY 2012, March 6, 2013, <http://www.sheeo.org/resources/publications/shef---state-higher-education-finance-fy12>



**Governor's Budget Falls Short** - In January 2014, Gov. Jan Brewer released her budget proposal for FY 2015. It included \$27.5 million in additional support above last year's \$873 billion for two universities: Arizona State and Arizona Northern. In contrast, the Board of Regents sought an additional \$107.6 million, which it said was necessary to maintain quality education without putting more burden on students with higher tuition.<sup>4</sup> Gov. Brewer's budget offers only a quarter of the Regents requested.

## Gov.'s Budget Offers 25% of Board Regents' Request

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University of Arizona was allocated only \$3.5 million, solely for the Arizona Cooperative Extension. That is roughly ten percent of the \$34.8 million UA requested.<sup>5</sup>

**Tuition Freeze Still Called For** - Despite these shortfalls, Gov. Brewer requested that the Board of Regents have a zero increase in tuition for the next school year.

Institutions have a role to play in keeping costs down too, and must step up to protect students and do their part to avoid some of the sharp increases we've seen in recent years. But with the state's disinvestment in higher education over the past

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<sup>4</sup> Fischer, Howard, "Arizona spends too much sending too many to college, lawmaker says," *Arizona Star*, January 19, 2014

<sup>5</sup> Casanova, Stephanie, "Proposed state budget skimps on UA funding, board of regents chairman says," *Arizona Daily Wildcat*, January 22, 2014.



few years, more meaningful and large-scale tuition reduction requires a broader investment from the state.<sup>6</sup>

**Performance Funding Model Debated** - Since 2012, Arizona has been working towards achieving “parity” between its three public universities, shifting resources towards Arizona State and Northern Arizona. Following achievement of parity, Gov. Brewer recommends a collaborative effort among the Governor’s Office, the Board of Regents and the Legislature in the 2014 session to create a performance-based funding model based on:

- Measures of university performance only and not on external, state revenue growth measures;
- Percentage growth in overall weighted degrees produced, credit hours earned and research expenditures secured;
- Average percentage growth in those three areas applied to a university’s total State funding, not overall funding.<sup>7</sup>

In other words, instead of allocating funds to institutions based on enrollment numbers, institutions would be funded based on metrics like students’ progress towards a degree.

The formula being considered lacks some nuances seen elsewhere. For example, it’s significant that the draft budget does not include weights for students with disadvantaged backgrounds, as present in performance funding models in states like Ohio. The non-partisan National Conference of State Legislatures recommends that states include a measure to reward colleges that graduate low-income, minority and adult students to ensure that institutions keep serving these populations.<sup>8</sup> Any performance funding model based on credit hours should include weights that reward schools who serve students from disadvantaged student populations well.

**In-State Tuition for Undocumented Students** – SCR 1019 amends current Arizona law to allow for students who have lived in the state for five years to be eligible for in-state tuition, which could impact thousands of students. The bill also allows veterans who have been honorably discharged to receive the same benefits.<sup>9</sup> Tabled by the House Rules committee, the legislation has virtually no chance of passing this session.

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<sup>6</sup> FinAid, “College Partnerships and Articulation Agreements,” accessed March 24, 2014, <http://www.finaid.org/otheraid/partnerships.phtml>

<sup>7</sup> State of Arizona Executive Budget, Office of Janice K. Brewer, January 2014, 14, [http://www.azgovernor.gov/documents/AZBudget/FY2015/FY2015\\_ExecBudget\\_SummaryBook.pdf](http://www.azgovernor.gov/documents/AZBudget/FY2015/FY2015_ExecBudget_SummaryBook.pdf)

<sup>8</sup> National Conference of State Legislatures, “Performance Based Funding for Higher Education,” July 25, 2012. <http://www.ncsl.org/research/education/performance-funding.aspx>

<sup>9</sup> Arizona State Senate, SCR 1019, [http://www.azleg.gov/DocumentsForBill.asp?Bill\\_Number=SCR1019&Session\\_ID=112](http://www.azleg.gov/DocumentsForBill.asp?Bill_Number=SCR1019&Session_ID=112)



- **Note: AZ has cracked down on access for undocumented students.** In Florida, institution-level policy has increased access to in-state tuition. For example, Miami Dade College grants in-state tuition for eligible undocumented students, despite state legislation not explicitly providing for it. That hasn't been a viable option in Arizona, however: Arizona Attorney General Tom Horne sued Maricopa Community College in summer 2013 for providing reduced tuition to undocumented college students. The college provided reduced tuition to students who were granted deferred action by the federal government and given temporary legal status and the ability to work in the U.S.<sup>10</sup> Maricopa Community College argued in late March that Horne had no jurisdiction in what the school charged in tuition, but the judge in the case has yet to rule on the issue.<sup>11</sup>

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<sup>10</sup> Yu-Hsi Lee, Esther, "Arizona Sues Largest Community College System For Offering In-State Tuition To Undocumented Students," *Think Progress*, June 28, 2013, <http://thinkprogress.org/immigration/2013/06/28/2228111/arizona-sues-community-colleges/#>

<sup>11</sup> Fischer, Howard, Maricopa Community College board: Brewer has no say in tuition rates for 'dreamers', *Arizona Daily Sun*, March 20, 2014, [http://azdailysun.com/news/local/state-and-regional/maricopa-community-college-board-brewer-has-no-say-in-tuition/article\\_6c3a7a1a-aff8-11e3-9bd7-001a4bcf887a.html](http://azdailysun.com/news/local/state-and-regional/maricopa-community-college-board-brewer-has-no-say-in-tuition/article_6c3a7a1a-aff8-11e3-9bd7-001a4bcf887a.html)