

**Strategic Issues:**

- In 1995, the Arizona Board of Regents set a 120 hour limit for most bachelor's degree programs and promised to reduce the average time for graduation by six months. Admissions requirements were also strengthened. Students would now have to complete additional years of math and laboratory science beginning in 1998.
- In 1996, the Governor claimed that the state's public campuses were over-funded based on a 1995 Auditor General's report that criticized administrative staffs. The campuses requested a \$78 million increase in appropriations for 1996-97 but had to settle for a \$25 million increase.
- The Arizona Legislature dissolved the State Board of Directors, an agency that traditionally could regulate the tuition and fees and transfer of credits among community colleges. The action was seen as a cost-cutting measure and a reduction of government redundancy since other boards, including the boards of the colleges, could fill the void.
- From fiscal years 1998 to 2002, there was a \$195 million dollar increase in higher education appropriations. However, the legislature eventually cut the appropriations for FY 2002 by 6% and an additional 2% the following year.

**Summary**

- *Critical Challenge:* Arizona fell behind the national averages for high school graduation rates in the 1990s. College enrollment rates for the state's high school graduates were consistently lower than the national rates.
- *System Issues:* The State of Arizona was a moderate tuition state during most of the decade, however tuition dropped substantially in 2000. Tuition fell from a state average of \$2,633 in 1998 to \$1,558 in 2000. There is not sufficient need-based grant aid to promote enrollment for low-income, college-qualified undergraduates in the state, given college prices.
- *Opportunities:* Improved need-based grant programs would provide incentives that encourage more students to prepare for college (and graduate from high school), as well as directly influencing access by improving college enrollment rates.

**Access Indicators***High School Graduation Rates* (Table 3.1)

The state's graduation rates among its public schools declined and were consistently below the national average over the decade except for 1992. Graduation rates dropped 13 percentage points in the 1990s. Despite the decline in public high school graduation rates, Arizona is projected to experience a 25% boom in the number of high school graduates between 2001-02 and 2011-12 (Western Interstate Commission for Higher Education, 2002). The numbers for Hispanic high school graduates are also expected to increase within that time period because of a growing Hispanic population in the state over the past eight years.

*College Enrollment Rates* (Table 3.1)

Over the decade, overall college participation rates increased by four percentage points. The largest participation hike occurred between 1998 and 2000 when there was a five percentage point increase in enrollment. Despite the increases, Arizona's college continuation rates were 7-12 percentage points behind the national average at each time in the decade.

**State Demographics***State Demographics* (Table 3.2)

The poverty rate in Arizona peaked in 1996 at 21%; but four years later, it declined to 12% where it was one percentage point higher than the national average. However, this deviation was far less than it

was in 1996 when it was eight percentage points above the national average. Hispanics are the state's largest and fastest growing minority group. In 1992 Hispanics constituted 20% of the state's population, but by 2000 they accounted for 23%, one percentage point higher than the national average. Other Minorities were the second largest ethnic group at 8% in 2000, followed by African-Americans at 4%. The percentage of state residents with at least a bachelor's degree grew from 20% in 1994 to 25% in 2000. In the same year, the per capita income in the state was \$24,988, \$4,481 below the national average. Throughout the decade, Arizona's per capita income has always been at least \$3,500 below the national average.

#### *State System Composition* (Table 3.3)

Nearly equal portions of Arizona's higher education enrollment were represented in public four- and two-year institutions. Although 37% of students attended four-year institutions, 39% enrolled in two-year institutions in 2000, these two types of institutions exchanged the lead throughout the decade. However, private institutions gained enrollment ground in the state over the decade. In 1992, only 14% of students attended private institutions, but by 2000, this percentage increased to 24%, about two percentage points below the national average.

### **Financial Indicators**

#### *State Financial Capacity* (Table 3.4)

State taxes in 2000 took less from the average income than was the case in 1992. In 1992 Arizona had an eight percent tax rate, but after some fluctuation, it settled to 7% in 2000. The state allocated \$195 per student more for K-12 expenditures in 2000 than it did in 1992, yet the 2000 expenditures lagged over \$1000 per student behind the national average during the decade.

#### *Educational Revenue* (Table 3.5)

Overall, Arizona increased its appropriations spending by almost \$1200 on the public system over the decade. In 1992, the public system received \$5,778 from state and local governments, but in 2000, appropriations increased to \$6,938. Even with this substantial increase in appropriations, governmental funding remained below the U. S. average by \$557.

#### *Tuition and Fees* (Table 3.6)

Tuition and fees in Arizona increased from \$2,157 to \$2,633 from 1992 to 1999. However, in 2000 there was a sharp decrease to \$1,558 which put Arizona's tuition and fees over \$1000 below the national average.

#### *Need-based grants* (Table 3.6)

Arizona provides postsecondary education to its citizens through a low-tuition, low-grant approach. On average, each undergraduate student received \$16 in need-based grant aid in 2000, \$351 less than the national average. Need-based grants steadily declined from 1994-2000.

#### *Non-need Grants* (Table 3.6)

While it has steadily increased appropriations to the public postsecondary system from 1992 to 2000, Arizona made no substantial investment in non-need financial aid. The per-student average non-need grant was \$0 across the decade. However, in the late 1990s the state

legislature established two programs aimed at providing financial assistance to students. In 1997, the Arizona Postsecondary Education Voucher Program was established to provide up to two years of \$1,500 vouchers for students in four-year institutions or a lump voucher of \$3,000 to community college participants. In 2002, the state awarded vouchers to 320 students for total awards of \$442,750.

### **Projections**

#### *Coordinated System of Grants (Table 3.7)*

Had Arizona increased its need-based grant aid, given tuition charges, 900 more students would have graduated from high school, an increase of two percentage points. Of the state's high school graduates, 2,700 more students would have attended postsecondary institutions in the state, representing a six percentage point increase.

#### *Federal Grant Program Prospectus (Table 3.7)*

In addition, had the federal government provided incentives for Arizona to award adequate grant aid equaling one-quarter of the tuition on top of current state aid, 1,000 more high school students would have graduated, an increase of two percentage points. A six percentage point increase from the current college continuation rates would have resulted in 2,800 additional students in higher education.