



**ARIZONA COMMISSION FOR
POSTSECONDARY EDUCATION**

*...expanding access and increasing success
in postsecondary education for Arizonans*

ANNUAL REPORT

FISCAL YEAR 2015

Arizona Commission for Postsecondary Education



variety of ways. In FY 2015 more than 138,968 unique visits were made to ACPE websites. The ACPE also distributes to families and students free print publications that assist in college planning, understanding financial aid processes, and important deadlines including the *College Savings Planner* and the *Arizona College and Career Guide*.

**The Arizona Commission for Postsecondary Education (ACPE)
FY 2015 Annual Report**

***...expanding access and increasing success in postsecondary education for
Arizonans***

Submitted December 21

Access Challenge Last Stretch Scholarship in 2011, as well as infrastructure funding to establish the Arizona College Access Network.

The following Review of Student Aid Programs shows that \$2.5M of the Commission budget in FY 2015 represented flow-through funds dedicated to student grants and scholarships. In contrast, in FY 2008 the student financial assistance dollars was 7.5M. This table reflects additional ACPE budget reductions in student grant/scholarship programs over the past five years.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2010	2011	2012	2013	2014	2015
Total Aid Disbursed	\$ 6,825,388	\$ 3,711,781	\$ 3,511,920	\$ 4,178,488	\$ 3,521,142	\$ 2,484,619
% Decrease compared to FY 2008	-10%	-51%	-53%	-45%	-53%	-67%

The loss of these grant dollars affects the lives of nearly 20,000 students who in previous years

leadership of the Arizona College Application Campaign at the request of the public universities and a Statewide Advisory Committee,

sustained leadership of the College Goal FAFSA Financial Literacy Initiative inclusive of Community and High School FAFSA Completion Workshops,

successful completion of a pilot study to provide Free Application for Federal Student Aid or FAFSA Finish Line Reports in FY 2015 and current plans to expand the reach of these important reports in 2016.

The third and final goal, providing a forum for all sectors of higher education to dialogue, partner, and problem solve issues of mutual interest remains important to Commissioners and staff members. This goal is forwarded through policy analysis and research, collaborative action led by ACPE Commissioners and staff members, and Commission participation in college initiatives led by foundations, government, or non-profit entities with similar missions.

This report is organized in three sections; each section describes the activities and services related to each of the three goals. The conclusion summarizes how the parts of this report relate to the plan and the future of the Commission.

Critical to the success of the Arizona Commission for Postsecondary Education is the expertise and

Commissioners 2014 2015
Arizona Commission for Postsecondary Education

Commissioners

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East Valley Medical College

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Goal 1: Maximize student financial assistance available to students and families

Core responsibilities of the ACPE are related to postsecondary student financial assistance programs. The Commission has been administering student financial aid programs for Arizona since 1972. Named the entity representing Arizona in the National Association of State Student Grant and Aid Programs (NASSGAP), the ACPE has disbursed funds to students attending more than 100 public and private colleges and universities, community colleges, and vocational schools over the last four decades.

Furthermore, in 2006 to 2008 Arizona invested in the development of a FERPA secure grant website. Continuously updated, this single portal allows students to learn the necessary qualifications and apply for all state grants available. This robust website, titled AZ Grants, allows a student to make one application for all qualified grants, track the status of their funds, and receive notification of reapplication deadlines. In addition, this user friendly website provides easy access for higher education professionals to validate attendance and other accountability measures.

Over the past five years the Commission has been responsible for eleven financial

- 6) Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program, currently \$176,000/year;
- 7) PFAP, PEG, MSSE, ATIP, PDTS student forgivable loan repayment programs;
- 8) AZ Grants Single Student Financial Assistance Web Portal; and
- 9) The Arizona Family College Savings (529) Program.

Dramatic changes have occurred in student financial aid programs (numbers 1-7 above) both at the state and federal levels over the past years as depicted on page 4 in the Introduction in a Most notable are the suspension or elimination of several successful financial aid programs administered by the Commission as well as the restructuring of several programs.

Funding for the Private Postsecondary Financial Assistance Program (PFAP), the Postsecondary Education Grant (PEG), and the Early Graduation Scholarship (EGSG) was eliminated in 2010 and these programs remain on suspension. Additionally, the Special Postsecondary Education Grant (Special PEG) and the College Access Challenge Last Stretch Scholarship (CAC Last Stretch) were eliminated in 2014. PFAP, PEG and Special PEG programs were successful and designed to achieve important outcomes including (1) strengthening the private sector of postsecondary education in Arizona, (2) reducing the tax burden of Arizona higher education by incentivizing students to attend private institutions, and (3) providing financial aid to adult students (the average age of PFAP recipients was 31, 28 for PEG, and 32 years of age for Special PEG) to increase persistence and motivation to complete a baccalaureate degree.

The Early Graduation Scholarship Grant (EGSG) was designed to encourage Arizona high school students to graduate early with a financial incentive to enroll in a postsecondary institution and funded through shared revenue with high schools. The College Access Challenge Last Stretch Scholarship (CAC Last Stretch) was designed to foster partnerships among federal, state and local government entities and philanthropic organizations to significantly increase the number of underrepresented students in postsecondary education. The Commission is not requesting reinstatement of funding to the EGSG program; but is requesting reinstatement of \$500,000 and one FTE for PEG, and \$300,000 and one-half of an FTE for PFAP in its FY 2017 Decision Package.

T partnered with the Commission to provide student scholarships through the second cycle of federal formula-based College Access Challenge Grant (CACG). The ACPE administered more than \$1M in student scholarships to low-income students with 60 or more credit hours to sustain their attendance for the final years of degree preparation. Unfortunately, FY 2014 was the last year of funding for the

Maintenance of Effort (MOE) waiver for the Arizona College Access Challenge Grant.

Federal matching funds for the three-part (federal, state, institutional) Leveraging Educational Assistance Partnership (LEAP) program were eliminated in FY 2012. The program was re-structured and re-titled the Arizona Leveraging Educational Assistance Partnership (AzLEAP) and continues to serve low-income students with matching dollars from the state and postsecondary institutions. Sadly, no solution was found to offset the loss of federal funding for the Special Leveraging Educational Assistance Partnership which was eliminated in FY 2012 and the program was terminated.

The Commission has just completed its third full year of administration of the Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE). Established in FY 2007, this program was transferred to the Commission in FY 2012. In addition to verification of eligibility and fund disbursement, responsibilities also include loan administration, borrower service tracking, and loan repayment servicing. Unfortunately, funding for the program was reduced from \$2M to \$176,000, drastically limiting the number of students served by this popular forgivable loan for teachers-in-training. Thus, the ACPE requests one FTE and an additional \$500,000 in its FY 2017 Decision Package.

A detailed description of the implementation and outcomes of each of these and all current student aid programs under the administration of the ACPE are outlined in the following section. A description of the student loan repayment programs, the secure web portal providing information and a single application for all grants, and the Arizona College Savings Program are covered in the last pages of the Goal 1 section.

1.1 Private Postsecondary Education Student Financial Assistance (PFAP), A Forgivable Loan - Suspended

The Arizona Private Postsecondary Education Student Financial Assistance (PFAP) program was initiated in the spring of 1996. This student-centered program was designed to encourage Arizona community college graduates who have financial need to enroll as a full-time student and graduate from a baccalaureate degree granting private postsecondary institution; thereby realizing a savings to the State of Arizona. Students who fail to achieve a baccalaureate degree within three years from the first disbursement of funds, or those who do not enroll for a period of time greater than twelve months, enter into a repayment program.

More than 1,600 students have benefited from the PFAP Program since its inception representing a 90% graduation rate; however, after several years of repeated reductions, in FY 2011 the Private Postsecondary Education Student Financial Assistance Program (PFAP) was placed on suspension. The Commission continues to focus on the remaining 100 promissory note holders who were reported as not enrolled or attending the institution on file at the time of their last disbursement. Information on PFAP repayments can be found in section 1.7 titled *Student Forgivable Loan Repayment Programs*.

The Commission has proposed in the Justification for Proposed Funding Issues for FY 2017 the lifting of the suspension and the reinstatement of funding in the PFAP program

for the amount of \$300,000 and 0.5 FTE with personnel services and employee related expenses of \$30,100 to administer the PFAP program. The increase in funding of the PFAP program has the potential to award up to 150 grants each year, assisting postsecondary institution.

1.2 Postsecondary Education Grant (PEG), A Forgivable Loan - Suspended

The Postsecondary Education Grant (PEG) program, created in the 2006 legislative session, was a student-centered, non-need based forgivable loan designed to financially support and encourage Arizona resident students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The maximum grant was \$2,000 per year for up to four academic years (eight semesters/terms). These funds were used for tuition, books and fee expenses. Students had to obtain a

obtain a bachelor degree within five years or did not enroll for a period greater than twelve months, the grant became a loan that the borrower must repay, entering the borrower into a repayment program.

The PEG program was patterned after the successful student-centered Private Postsecondary Education Student Financial Assistance (PFAP) program. Goals for the PEG program include (1) s

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A surprise for staff when undertaking the first steps of researching the graduation status of former PEG recipients who will be served by the contracted entity for repayment follow-up was that even with this abrupt loss of funding, 65% of the students receiving PEG funds have completed a degree. This innovative program was designed to provide accountability and also act as an incentive for students to persist to a degree in a private college or university, thus providing cost savings to the state. Again, the surprisingly high graduation rate of PEG recipients overall when funding was abruptly terminated is evidence that the Postsecondary Education Grant is a successful financial aid tool.

For these reasons, the Commission requests the lifting of the suspension and the reinstatement of funding in the PEG program for the amount of \$500,000 and 1 FTE with personnel services and employee related expenses of \$60,900 to administer the PEG program in the Proposed Funding Issues for FY 2017. The increase in funding of the PEG program has the potential to award over 200 grants each year, assisting institution.

According to a U.S. Census Bureau 2009-2013 5-Year American Community Survey, degree. This is lower than the national average of 18%. Additionally, Arizona has a high proportion of adults who have completed some college coursework but did not

Through the ACP with close to 1,800 scholarships disbursed to students over the three fiscal years. This much needed financial assistance has helped students pursue and complete their postsecondary education.

Unfortunately, FY 2014 was the last year of funding for the Last Stretch Scholarship due waiver for the Arizona College Access Challenge Grant. These financial aid dollars affected numerous low-income student lives in Arizona and the loss of these funds greatly impacts future students. The ACPE regrets the loss of this program.

1.5 Arizona Leveraging Educational Assistance Partnership (AzLEAP)

The Leveraging Educational Assistance Partnership (LEAP) has been in existence in -income student grant

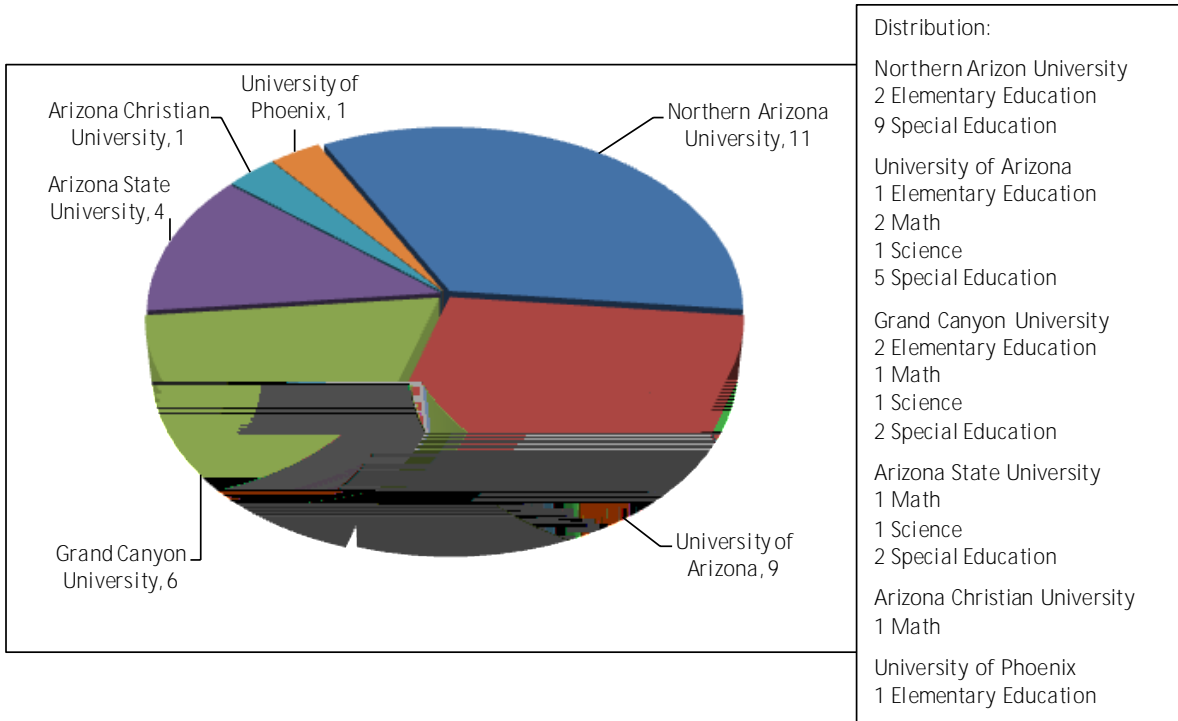
own primary low-income student grant, and was always considered a temporary incentive program offered by the federal government. Arizona and approximately four other states never progressed beyond the initial contribution and therefore LEAP because it served low-income students across all sectors of public and private education. A unique aspect of the Arizona LEAP program was that it leveraged the federal dollars more than twice. This occurred by requiring each institution to match the state funds in order to participate in the Arizona LEAP program. The Arizona Commission for Postsecondary Education has administered the program, ensuring adherence to all federal regulations and the Arizona Administrative Code.

The Commission was notified in the spring of 2011 that the federal grant funding for LEAP and the companion grant SLEAP would be eliminated beginning in FY 2012 and thereafter. This represented a \$1.3M reduction in available grant aid for low-income Arizona students. An ACPE survey of participating institutions indicated that they had a strong desire to continue the program and were willing to continue to provide institutional matching funds. Institutions also agreed to allow the administrative fees for this program to be removed from the institutional match. Therefore, the program continued using the \$1.2M state funding for LEAP and the institutional match of the same amount. The restructured Arizona Leveraging Educational Assistance Partnership (AzLEAP) program originated from the former Leveraging Educational Assistance Partnership (LEAP) program.

FY 2015 was the fourth year the Commission administered the restructured AzLEAP program. Private and public higher education institutions applied to the ACPE and the ACPE certified institutional eligibility and determined a proportional distribution of funds (based on the number of Arizona resident students) to institutions. AzLEAP recipients were selected by the institutions on the basis of financial need established through federa

In FY 2015, three thousand two hundred forty one (3,241) Arizona Leveraging

The following pie charts represent a breakout of the institutions the 32 loan recipients



The pie chart above represents a breakout of the institutions the 32 loan recipients

Recipients by Degree Prog 5-FGamF1 12 Tf1 0 0 1 484.42 ut

Tracking responsibilities are significant for the MSSE Program as each loan recipient is required to be tracked between seven to eleven years. For students who enter into repayment, the relationship can increase to 15 years. With the conclusion of FY 2015, 254 students have participated in the MSSE Program since inception in 2007. Below is a listing of the current status of the recipients.

- 23 are still enrolled in a postsecondary institution
- 19 are in their twelve month grace period (allowed by statute)
- 24 are currently teaching in a public K-12 school in Arizona
- 113 have had their loan forgiven for completing their teaching service and are teaching in Arizona
- 6 have had their loan forgiven for completing their teaching service and are teaching outside of Arizona
- 3 have had their loan forgiven for completing their teaching service and are no longer teaching
- 33 are currently in repayment
- 12 have had their loan repayments referred to the Attorney General
- 8 have paid their loan balance in full
- 1 deferred
- 12 have completed the retention tracking cycle

In FY 2015 the Commission will continue collecting the five year teacher retention data for the 122 individuals whose loans have been forgiven through teaching.

The Commission staff believes the MSSE program provides a vehicle to shape student

Commissioners and staff are enthused to provide financial aid to this cadre of teachers who are critical to the success of Ariz

Unfortunately, the current level of appropriations for the MSSE program will not solve the shortage. According to a survey conducted by the Arizona School Administrators (ASA) in November 2013, seventy-nine districts who responded to the survey indicated that 62% had open teaching positions and that over 900 of the open teaching positions were filled with substitute teachers. The future may be even more dismal with 24% of

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Therefore, in FY 2017 the Commission has requested an increase of \$560,900, totaling \$736,900 in FY 2017 for the MSSE program. Increased funding will allow an additional of 60-70 students, with at least 20% being newly accepted each year, to be supported through three years of their teacher education programs.

The Commissioners and staff look forward to helping increase the number of teachers in Arizona. The increase in funding for this program will aid the State in meeting the

¹ Arizona Department of Education (ADE), Educator Retention and Recruitment Task Force Report, January 2015.

1.7 Student Forgivable Loan Repayment Programs

Currently the Commission administers five repayment programs: (1) the Private Postsecondary Education Student Financial Assistance Program (PFAP); (2) the Postsecondary Education Grant (PEG); (3) the Paul Douglas Teacher Scholarship (PDTS); (4) the Arizona Teacher Incentive Program (ATIP); and (5) the Arizona Math, Science and Special Education Teacher Loan Forgiveness Program (MSSE).

The Office of the Attorney General is used by ACPE for collections when normal investigative means to locate the former student are unsuccessful or when grantees have been contacted multiple times and refuse to enter the repayment program. The

collected.

A brief summary of the status of each of the repayment programs administered by the ACPE follows.

The Private Postsecondary Education Student Financial Assistance Program (PFAP), a forgivable loan program, is a need-based program designed to financially support Arizona community college graduates to continue their education at a private postsecondary baccalaureate degree granting institution in Arizona. The program

repay the loan. There have been 1,651 students awarded PFAP forgivable loans since its inception in 1996, and 20 borrowers are currently being tracked in the repayment program 66 have been referred to the Attorney General.

The Postsecondary Education Grant (PEG), a forgivable loan program created in the 2006 legislative session, is a non-need-based program designed to financially support and encourage students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The program requires that the student achieve a bursement date or they must repay

forgivable loan. Of those recipients, 2,897 have already graduated with a baccalaureate degree within the required five year time frame. Of the remaining 1,581 promissory note holders, 1563 are reported as not enrolled or attending the last institution on file at the time of their last grant award. There are currently 18 promissory note holders still enrolled in institutions. Promissory note holders who fail to meet the requirements of the forgivable loan must enter into the repayment program.

In addition to these state loans, the ACPE is responsible for the collection of two small federal loan repayment programs: Paul Douglas Teacher Scholarship (PDTS) and Arizona Teacher Incentive Program (ATIP). Of the 254 former Paul Douglas Teacher Scholarship (PDTS) forgivable loan recipients, 2 are in default. All others have completed their obligation by fulfilling the teaching requirements of the program or repaying their loan in full. There were 102 former Arizona Teacher Incentive Program (ATIP) forgivable loan recipients. All obligations have now been completed for this program.

All funds recouped for the PDTS and ATIP programs are forwarded to the U.S. Department of Education in December of each year. Any funds recouped by the disbursed to the U.S. Department of Education.

As previously mentioned, the Arizona Math, Science and Special Education Teacher Loan Forgiveness Program (MSSE) has added the responsibility of administering an additional forgivable loan program. Moreover, the ACPE acquired responsibility for the required compliance and retention tracking of the 254 students who have been granted

including interest, from those who fail to meet the requirements of the program. Of those students, 8 have paid their loan balance in full, 33 are currently in repayment, 12

have completed the tracking and the remaining 180 will require tracking for up to 15 years. The tracking requirements of MSSE students are two-fold: (1) tracking for compliance to meet the promissory note obligation (up to six years) and (2) tracking for an additional five years to determine retention rates. The MSSE program is described in its entirety in section 1.6 of this report.

The ACPE responsibility for the tracking and collection of forgivable loans has dramatically increased. In FY 2013 the initial group of PEG borrowers entered potential repayment status and the tracking responsibilities for the MSSE program could take up to 15 years to fulfill. The ACPE lost all administrative financial support for the Postsecondary Education Grant Program in FY 2011 concurrently with staff reductions making the task formidable. The ACPE is seeking relief for the students who abruptly lost funding by eliminating the repayment obligation for impacted students and the monitoring requirements for the Commission.

1.8 A Single Web Portal with Information for Families and Students Regarding Arizona Grants, Scholarships, Forgivable Loans, Student Loan

The past year the AFCSP has focused on increasing public awareness of the importance of college savings for Arizona families, through public events, enhanced social media and an enriched web presence. The 529 college savings plans are the single most accessible option for Arizona families to save for college and reduce reliance on student loan debt to finance a postsecondary education. In 2015, more Arizona families have reported saving for college and developing a financial plan to reach their goals.

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings (529) Program (AFCSP). In 1997, the AFCSP was established as

(also referred to as a QTP or Qualified Tuition Program) and began accepting accounts in 1999. In 2004, State legislation established the Family College Savings Program Trust Fund as a public instrumentality of the State of Arizona, of which the Arizona Commission for Postsecondary Education acts as its sole trustee. All AFCSP accounts are held in trust for its participants and beneficiaries.

A state-sponsored 529 plan is a tax-advantaged program intended to help individuals and families pay the cost of higher education. Each state is allowed one qualified tuition program. The AFCSP is designed to encourage savings by allowing 529 plan earnings to grow tax-deferred and distributions to be withdrawn tax-free if used for qualified higher education expenses. Qualified expenses include tuition, supplies, room and board, books, and required equipment at any accredited public or private college/university, community college, proprietary, vocational, career, or technical postsecondary educational institution in the United States as well as eligible foreign institutions.

In August 2006, the Pension Protection Act passed and made permanent the 529 plan provisions allowing federal income tax-free withdrawals from 529 College Savings Plans for qualified higher education expenses. An additional tax benefit was added January 1, 2008, when a state income tax deduction was extended to Arizona residents for up to \$750 per individual or \$1,500 per married couple for annual contributions made to a 529 plan. This incentive was set to expire on December 30, 2012. Fortunately, State legislative action effective January 1, 2013, extended the tax incentive into perpetuity and more than doubled the benefit when the State Legislature increased the state tax deduction to \$2,000 for individuals and up to \$4,000 for married filers. Yet, compared to other states who offer tax incentives, Arizona tax incentive amounts are in the bottom 20%. The goal of the increased tax incentive is to encourage more Arizona families to participate in college savings. While eighty percent of all student financial aid is provided by the federal government and focused on low-income students, the 529

institutions offer a diverse array of investment options for families saving for college. A brief description of the providers and their investment offerings follows.

AFCSP Investment Offerings ¹	
College Savings Bank (direct-sold, FDIC Insured)	
CollegeSure CD:	variable rate CD indexed to college costs
InvestorSure CD: 500	Composite Index
Fixed Rate CD:	fixed rate CD with principle and interest guaranteed
Savings Account: greater	holds matured certificate of deposit (CD) funds than \$250 when the expected withdrawal to pay qualified higher education expenses is sooner than one year after the maturity date of the CD
Honors Savings Account: fees, no	high yield, tax-advantaged savings account. No penalties, no fixed term
Accumulator Account: to	holds contributions until sufficient funds are accrued to purchase a CD
Fidelity Investments (direct-sold)	

Three (3) age-based strategies: actively managed, indexed, and multi-firm portfolios

Six (6) static mutual fund portfolios

Critical to the success of the Arizona Family College Savings (529) Program (ASFCP) is the expertise and advice from the AFSCP Oversight Committee. The AFSCP Oversight Committee, as defined by state statute, comprises 10 members with financial, tax and

The table on the following page indicates that as of June 30, 2015, there were 77,838 AFCSP funded accounts. This represents a 6.6% increase in the number of accounts over June 30, 2014. The healthy growth in new accounts is driven by both Arizona residents as well as residents of other states, indicating that the AFCSP provides attractive investments to both those inside and outside of Arizona.

The bar chart in the report titled *Accounts and Assets Under Management* illustrates the growth of AFCSP Assets Under Management (AUM) since inception, by year. Since its launch in 1999, the Arizona 529 Program has grown steadily, with the exception of FY 2008, the height of the Great Recession. As of June 30, 2015, total AUM were just over \$1 billion, an increase of \$72.7 million from the \$951 million under management on June 30, 2014. This reflects a combination of new money deposited in accounts, as well as steady investment performance. As the AFCSP continues to mature, more families have taken advantage of distributions to pay college expenses. These distributions denote the success of the Program in helping families meet their postsecondary education financial goals.

ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
Reports as of June 30, 2015
Accounts and Assets Under Management (A.U.M)
As reported by providers

well positioned for effective oversight of the Program during the upcoming years. These Program enhancements are designed to enrich the Arizona Family College Savings Program and ensure it remains a highly desirable plan.

Fidelity Investments conducts an annual study regarding college savings behavior and shares its Arizona specific results with the Commission. Arizona families surveyed by Fidelity Investments in June 2015 showed an encouraging increase in college savings and planning practices. According to the study results, the percentage of Arizona families saving for college is at an all-time high, with 64% of respondents reporting that they have started saving (up from 59% last year). Seventy-four percent of parents surveyed are saving monthly, putting away a median amount of \$200 per month. Of the Arizona parents who are saving, 33% are investing in a dedicated and tax-advantaged 529 college savings plan to help reach their college goals. This figure is up from 31% in 2014. However, while parents may have good intentions, they still have some work to do on the savings front, as many families are currently on track to save just 20 percent of their college funding goals by the time their child is ready to head to campus.

In conclusion, this June 30, 2015 review reflects continued account growth and performance recovery. This year was one in which plan assets increased through both new plan accounts opened and steady investment performance gains despite a volatile market. Both Fidelity Investments and Waddell & Reed have continued to strengthen their 529 plans by bringing additional experienced portfolio managers into the management of their plan offerings. In offering a contract with a single renewal option to the plan providers, the AFCSP has achieved an operational stability that should endure for the upcoming years. Furthermore, the number of Arizona families 6be.In.241(Fu)-2(

Likewise, workforce data shows that large numbers of Arizona adults are under-employed and seeking higher education for personal/professional development. Surprisingly, twenty-six percent of Arizona adults, according to 2010 census data, have earned some college credit yet do not hold a degree. It is the potential within these statistics that propels the Arizona Commission for Postsecondary Education to engage in leading, strengthening, and supporting college access and success initiatives for both high school students and adults.

Realistic planning with appropriate and accurate information will ensure a potential student is academically ready, the family is financially prepared, and that student and family expectations are in line with the realities of postsecondary education. Two specific strategies are employed by the ACPE to engender realistic planning.

First, the Commission provides current and relevant print and web-based information for college planning and decision-making to students and their families. Two methods are employed to provide this information and assistance. First, 1,368 free publications were disseminated statewide to provide current and appropriate college-going information. The Commission also hosts multiple websites which attracted 138,968 unique visits in FY 2015. Online information is especially attractive to the adult learner. Each website is designed to provide specific and timely college-going information to the public including financial aid literacy, FAFSA completion, and a web-

- 1) every senior completes at least one postsecondary education application,
- 2) every senior files, on time, a Free Application for Federal Student Aid (FAFSA), and
- 3) every senior attends a high school which provides a college-going community.

This approach works

- 1) provide high school staff, site coordinators and volunteers with online resources and interactive training to host successful Free Application for Federal Student Aid (FAFSA) completion workshops,
- 2) support high schools as they work with families to assist all high school seniors complete a FAFSA on time,
- 3) support community partners and postsecondary institutions who help prospective, current or returning students in their community to complete the FAFSA on time, and
- 4) maintain online resources for students, families, and the public to access accurate and timely information regarding financial aid and financial aid processes.

All of these efforts are undertaken using no general funds. As the host of the initiative, the Commission secures grants and sponsorships to fund the activities and provides the leadership to implement the event. Long standing partnerships developed by the Commission with USA Funds, Arizona Association of Student Financial Aid Administrators (AASFAA), the Arizona School Counselors Association, and the Arizona Department of Education (ADE) have proven to be a great asset in this work.

2.1.B1. Develop Material and Offer Assistance on Financial Aid Processes

The College Goal FAFSA Financial Literacy Initiative undertaken by the Commission, is designed to help fill the information gap for students of all ages and their families by providing year round information including important messages such as:

- 1) financial assistance is available to help pay for college costs,
- 2) the FAFSA is the first step in applying for financial assistance,
- 3)

The Commission promotes literacy providing accurate and timely information related to financial aid on both the College Goal Arizona (CGA) and AZGrants websites. Line-by-line instructions on how to complete the FAFSA are included on the CGA website to help students and their families who could not attend an in-person event. In 2012 the Commission added a social media (Facebook) component to the financial literacy campaign. Social media is one of the best ways to reach high school seniors. In FY 2015 the College Goal Sunday Facebook page was renamed to College Goal Arizona

2.1.B2. College Goal FAFSA (CG FAFSA) Community Workshops

The annual community in-person workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2015, College Goal FAFSA was held in 20 Arizona communities across the state on February 7th and 8th.

colleges/universities mobilized to assist returning adults and high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Close to a 700 students and parents attended the 2015 community workshops.

The student/parent surveys tell a compelling story of the need for College Goal FAFSA (CG FAFSA). Three out of four respondents indicated that they completed an online FAFSA during their CG FAFSA workshop. Ninety-two percent of the student/parent surveys indicated that the assistance they received at the event made the event worth attending. Fifty-seven percent of participants that attended were 1st generation students and 56% had family incomes of less than \$40,000. Eighty-nine percent of respondents report that CG FAFSA increased their likelihood of attending college or vocational school in the next academic year.

2.1.B3. College Goal FAFSA (CG FAFSA) High School Workshops

The CG FAFSA initiative, in FY 2015, evolved to focus on high school workshops along with the traditional community workshops. This transition to incorporate more high schools is seen as a positive phase and move by the Commission. By holding workshops at high schools, CG FAFSA will be better able to assist low-income, under-represented and first-generation students entering postsecondary education.

Additionally, the high school FAFSA completion workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2015, College Goal FAFSA was held in 7 Arizona high schools across the state in February. Through these workshops high school counselors and staff, along with

assist high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Close to 300 seniors and parents attended the 2015 high school workshops.

2.1.B4. FAFSA Finish Line Project

The Arizona Commission for Postsecondary Education has an opportunity to support high school professionals and senior students in a very important issue. The Commission is the designated agency in Arizona to lead the Free Application for Federal Student Aid (FAFSA) Finish Line. This initiative allows the Commission, to

entities with the purpose of the high school or entity providing help for the student to complete their FAFSA filing.

Likewise, the Arizona Commission represents Arizona in the National Association of State Student Grant & Aid Programs (NASSGAP). For these reasons, the Commission was asked to submit an updated Student Aid Internet Gateway (SAIG) application. The updated application allows the Commission to provide data

retrieved by authorized high school staff members with valid user credentials via the

The request is for \$114,660 consisting of \$9,700 in software update costs and \$42,560 for the secure web portal annual maintenance and hosting expenses. Additionally, the request included \$1,500 for one computer and \$60,900 for one full-time employee and employee related expenses.

2.1.C. The Arizona College Access Network (AZCAN)

The Arizona Commission for Postsecondary Education received funding in the second 5-year cycle of the federal College Access Challenge Grant (CACG) to host the Arizona College Access Network (AzCAN). Additionally, the Commission was awarded a three-year Kresge Foundation grant through the National College Access Network (NCAN) in January of 2011 to support the work of AzCAN. Unfortunately, the major source of funding, the College Access Challenge Grant, was lost when Arizona was unable to meet the on-going Maintenance of Effort required. Application was denied. The Network needed to reimagine its future.

Both the Network and Commission staff were aware that the Maintenance of Effort was not met and funding would be lost and undertook a strategic planning process in 2014 to take the organization to the next level of operation. One of the outcomes was a recommended relocation of the Arizona College Access Network into a non-profit organization so that foundations and donors would find funding the organization more attractive over a government agency. The Arizona College Access Network moved in with and became a program of College Success Arizona in the August of 2014.

The Arizona College Access Network staff and Steering Committee remain grateful for the sound start provided through the Office of Education Innovation. ACPE staff looks forward to continuing its support of the Network in building and developing an effective statewide network of college access programs and professionals, as well as working together collaboratively toward common goals.

2.2 Provide Current and Relevant Web- and Print-Based Information on College-Going and Financial Assistance for Families and Students

2.2.A. The Arizona College and Career Guide (ACCG)

- 1) accepts and stores FAFSA data (approximately 800,000 annually);
- 2) provides a user-friendly application for all grants, scholarships, and forgivable loans administered by the Commission;
- 3) ensures security compliance with FERPA and Title IV regulations:
- 4) provides interface and communication with financial aid staff and academic personnel in more than 100 postsecondary institutions;
- 5) performs back office tasks such as awarding, disbursing of funds and monitoring students in repayment;
- 6) provides a secure portal to receive FAFSA Finish Line reports;
- 7) provides real time data regarding student demographics, performance, success, and behavioral barriers to continue their education.

Recent importance of the www.azgrants.az.gov website has been the use of the secure portal to compile and disseminate FAFSA Finish Line reports to high schools. More information can be found in Section 1.8 and 2.1.B4 regarding the FAFSA Finish Line.

2.2.D. Pay4collegearizona.gov: One-Stop Access to Student Financial Aid Help

The www.pay4collegearizona.gov website provided accurate and timely resources on how to financially prepare for college using current and relevant information. In FY 2015, all material and information was relocated under the newly developed umbrella site, <https://collgegoal.az.gov>. During FY 2015, the Pay4collegearizona pages received 6,424 unique visits.

2.2.E. College Goal FAFSA

As part of the Drupal conversion through ASET, College Goal FAFSA is now located under the umbrella site <https://collgegoal.az.gov>. College Goal FAFSA, formerly College Goal Sunday, provides accurate and timely information related to completing the FAFSA as well as financial literacy information. Students and their families, who could not attend an in-person workshop, can find line-

savings plans, which includes information specific to the Ari

Issues arise from discussion among Commissioners, policy makers, and business leaders at ACPE meetings and events that warrant further investigation and policy analysis. Issues that have been identified as important include the achievement gap for minority populations, low-income, and first generation individuals in accessing and succeeding in postsecondary education; low high school completion rates; barriers to student advancement among m toward a baccalaureate degree; and reduction or elimination of the financial barriers experienced by students and their families to postsecondary education.

Two strategies have been identified to meet Goal 3. The first is to raise awareness and develop a knowledge base for solutions through policy analysis and commissioned research studies. The second strategy is to establish, lead, or participate in collaborative action groups or task forces, informed by research, to plan strategies to develop

needs of our growing minority population, for they will serve as the foundation of our future labor force.

3.2 Education Awards and Pathways to

th higher education conference, titled *Developing Arizona's Human Capital: the Art and Science of Innovation*, was held on November 12 and 13 of 2015 at Tempe Mission Palms. More than 165 participants attended including policymakers, education, foundation, and business leaders. Participants comprised 9% community college/college/university presidents, 48% community college/college/university senior administrators, 10% nonprofit presidents/executive directors, 4 nonprofit senior administrators, 2 governing board member/trustees, 6 legi

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sponsors made the conference registration affordable and also provided funding for exceptional speakers.

the six essential skills for innovation outlined a newly published book titled *The Creator's Code* served as the conference framework and the application of that theory to postsecondary education was the focus. Amy Wilkinson, author of the book and researcher, was the keynote speaker for the first day. She joined a panel of leaders in higher education for a discussion of the skills outlined in her research as they apply to Arizona.

Vision 2015: Arizona Comes of Age"
A Five Point Plan: Making an Impact in the Community" presented
by President Brian Mueller, *Policy and Recommendations to*
Erase the Achievement Gap: New Data and Conversation presented by Dr. Jeffrey
Advancing the Economy through
Attainment *A New Policy Framework for Arizona*
Student Financial Aid" presented by Dr. James Rund, Dr. April Osborn, and Cassidy
Possehl; *Promoting Pathways to Economic Success"* offered by Dr. Amanda Burke

The total conference evaluation was rated as 4.4 out of 5.0 by those attending. Outcomes of the conference include a white paper that is planned to be published by the Student Financial Aid Task Force outlining a new policy framework for Arizona Student Financial Aid. In addition, the Arizona Board of Regents has called together a

as a partner in this discussion.

3.3 Collaboration an

include the College Application Campaign, the FAFSA or Free Application for Federal Student Aid Finish Line Project, the College Goal FAFSA Financial Literacy Initiative, the Arizona Minority Policy Analysis Center, the Developing Human Capital Conference, and Pathways to Higher Education Awards.

Each of these programs, resources, and college awareness publications are offered at no expense to the State, but rather are sponsored through grants, collaboration, or sales. For example, it is estimated that College Goal FAFSA benefits from more than \$130,000 of in-kind assistance received from partners such as the public universities, community colleges, high schools, guidance counselors, and Work Force Connections to serve the state. Moreover, the partnership with the Arizona Financial Aid Administrators Association provided more than 200 financial aid professionals to help families complete the FAFSA over one weekend. The Free Application to Federal Student Aid (FAFSA) is documented in research papers to be more difficult for low income families to complete than the annual income tax reporting requirement; yet, it is the filing of the FAFSA that opens the door to federal financial aid. The College Goal FAFSA Financial Literacy Initiative costs for FY 2015 were paid through a grant from USA Funds.

To meet the goals of the state, the Arizona Commission for Postsecondary Education also supports other Arizona wide initiatives. In FY 2015 the ACPE Executive Director participated on the Expect More Arizona Public Engagement Task Force and Statewide Advisory Council, Degree Phoenix Steering Committee, Thriving Together Work Group, College Depot Advisory Committee

Recently, the Commission accepted the leadership role for the Arizona College Application Campaign (AzCAC), the FAFSA Finish Line Project, and also restructured College Goal Sunday into the College Goal FAFSA High School Workshops with the intention of developing a successful collaboration between the community, Arizona high schools, high school seniors and their families, and postsecondary education institutions across all sectors. The goal of this collaboration is to increase the number of Arizona Seniors who apply for, enroll, and succeed in their postsecondary education goals. In contrast, College Goal FAFSA Community Workshops assisted by partnerships with the Arizona Association of Student Financial Aid Administrators and Arizona postsecondary institutions will aid individuals of all ages complete the FAFSA.

sectors of postsecondary education to dialogue, partner, and problem solve issues of mutual interest for the benefit of Arizonans.

The goal of maximizing available student financial resources has been severely impacted due to the ACPE general funds reduction of 80% and the elimination of federal LEAP, and SLEAP, grant funding. An additional loss was that of the last two of five years funding through the College Access Challenge Grant by the state due to a failure to meet the Maintenance of Effort requirement request for a waiver was denied. Just under \$3 million was lost in both 2015 and 2016, including \$1 million dollars for each of those two years dedicated to student scholarships. The figures below represent the student aid disbursed by the ACPE in FY 2010 through FY 2015, reflecting

in asking for an investment in human capital by way of student financial aid. We pose reinstatement of funding and staff for the successful PEG and PFAP college completion grants and an increase of funds and staff available for the Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) Program. All three financial assistance programs are designed to reward students in colleges/universities for their timely degree completion, and in the case of MSSE for teaching in an area of state identified need.

If the request to reinstate the programs is not possible, the Commission offers its expertise to assist in planning new student financial aid programs to be instituted in Arizona. The ACPE will bring forward the learning from the programs formerly offered as a guide

Task Force to help shape new programs which will lead to increased degree completion rates.

As is witnessed in this annual report, the ACPE has the financial aid expertise, the data analysis skills, the positive relationships with all sectors of public and private higher education to help ensure successful student aid programs. Likewise, the AZ Grants portal presents a functioning, student and institution friendly website that allows for both a single entry point and a single application to apply for all state grant and federal grant funds under ACPE administration. It also offers a central point for data collection and analysis in real time so that policy makers can determine the effectiveness of student aid programs and make necessary adjustments rapidly. This kind of expertise and a single web portal encourages student-centered or voucher-style grants which will propel to education, growing the economy, and opportunity for all will begin to be fully realized.

The Commission also provides a tax-advantaged savings opportunity for Arizona families to stretch dollars for postsecondary education, the Arizona Family College Savings Program (AFCSP). The AFCSP continues to grow and achieve success under the oversight and administration of the Commission. This past year, the program was rated four out of five graduation caps by Savingforcollege.com. It was ranked as an excellent program with many benefits for the participant and having positive investment attributes by this same evaluator. Moreover, the program includes attractive conservative FDIC insured investment options, as well as mutual funds offering open architecture or multi-firm age-based portfolios. As of June 30, 2015, total Assets Under Management were more than \$1 billion, an increase of \$72.7 million from the \$951 million under management on June 30, 2014.

The Commission, under Goal 2, also implements strategies to help students and families enroll, finance, and succeed in postsecondary education. By coordinating the College Goal FAFSA Financial Literacy Initiative, leading the Arizona College Application Campaign, and introducing to Arizona the value of the College FAFSA Finish Line reports, the Commission seeks to provide knowledgeable adult professionals at critical transition points to vulnerable groups of prospective students. Likewise,

free of charge to Arizona families. Printed documents are supplied to more than 1,000 households annually and more than 138,000 unique visits are made to ACPE informational websites each year. No general funds are used to support these programs; funds come from fees, grants, donations and sponsorships.

Finally, the forum provided by the Arizona Commission for Postsecondary Education