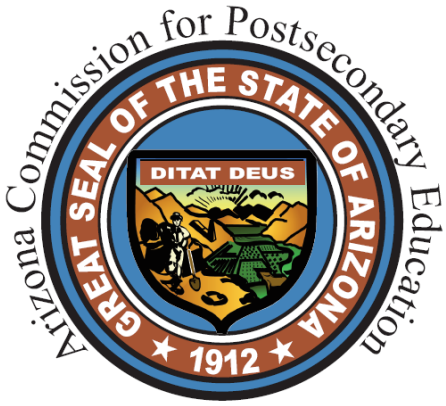

ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION

…expanding access and increasing success in postsecondary education for Arizonans

ANNUAL REPORT

FISCAL YEAR 2018

Revised January 4, 2019

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December 28, 2018

The Honorable Doug Ducey, Governor
The Honorable Michele Reagan, Secretary of State
The Honorable Steve Yarbrough, President of the Senate
The Honorable Javan Mesnard, Speaker of the House of Representatives

I respectfully submit the enclosed FY 2018 annual report on behalf of the Arizona Commission for Postsecondary Education (ACPE). A planning process was undertaken by the 16 Commissioners and they identified an agency mission of *expanding access and increasing success in postsecondary education for Arizonans*. Therefore, the work of the Commission is directed toward and measured against this mission each year.

FY 2018 brought continuing financial challenges and additional opportunities to the ACPE. Challenges faced by the Commission include a sustained 80% reduction in the ACPE general funds appropriation as compared to FY 2008. Sadly, because the core responsibilities of the Commission focus upon student financial assistance, this loss of financial aid affects the education potential of nearly 20,000 students who in years past would have received financial assistance through ACPE administered grants or scholarships.

In contrast, the Arizona Family College Savings (529) Program has experienced consistent and steady growth. As of June 30, 2018, the AFSCP held more than $1.3 billion in assets and over 81,000 accounts were in place to pay for college expenses. As Arizona's Qualified Tuition Program (QTP), the Arizona Family College Savings (529) Program provides an important opportunity that helps families prepare to pay for college. A modest state income tax deduction initiated in 2008 and increased in 2013 encourages families to save.

The report also describes the Commission's leadership in establishing a statewide network of high schools committed to building a college-going culture through College and Career Goal Arizona (C2GA) programs. This work is taking place through the Commission's coordination and integration of three programs: 1) the Arizona College Application Campaign, 2) the College Goal FAF$A Completion Initiative, and 3) the FAF$A Finish Line Project. Added this year, the Arizona FAF$A Challenge, funded through the Governor's set aside Workforce Innovation Opportunity Act funds, was launched in September and is beginning to attract energy and participants. The goal is to help Arizona students complete a FAFSA and to raise public awareness regarding the value of federal dollars that completed FAFSAs bring into the economy. Furthermore, how completed FAFSAs benefit the state and also low income families seeking to better their lives through education.

Another important objective of the Arizona Commission for Postsecondary Education is communication of vital financial aid and college-going information to the public in a variety of ways. In FY 2018, nearly 217,800 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*.

Each of these Commission programs, initiatives, and publications represent collaborative efforts. They are examples of leveraging the funding and impact of this small agency in order to provide additional tools to assist Arizona's students and families succeed in postsecondary education.

Two Decision Packages have been submitted by the Commission with the FY 2020 Budget Request. These packages are designed to advance educational equity and to diminish the achievement gap experienced by low-income and minority students. The first will allow for increased student achievement and will increase access to quality teachers as a result of the additional teachers produced through the Arizona Teacher Student Loan Program budget increase. The second improves the quality of technology and thus will allow the agency to increase efficiency and effectiveness of core responsibilities such as distribution of student financial aid and provision of web-based materials for high school staff overseeing College and Career Goal Arizona Programs. These programs and activities contribute to greater educational equity and provide opportunities to lessen Arizona's achievement gap.

Issue 1: Arizona Teacher Student Loan Program (Formerly the Math, Science, and Special Education Teacher Loan Forgiveness Program) – $312,400

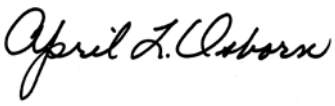
- The purpose of this program is to bolster the Arizona teacher workforce by attracting quality students into teaching preparation programs who will take on the mission of service in order to repay their loan obligation through teaching in high-need subject areas (math, science, and special education) or teaching in low-income, rural or Indian reservation schools. This request will fund an additional 30-40 student teachers annually.

Issue 2: Migrations of Agency Computer and Telephonic Services to ADOA-ASET and AZNET

- A proposed shared-expense approach to pay for the 152% increase of IT costs through general funds assistance with one-time Migration/Equipment charge of $8,721 (one half of $17,442 one-time expenses) and an
- On-going appropriation for administration, support, and security measures for IT and AZNET Services of $16,436 (one-half of $32,871 increase)

This annual report describes the details of the challenges and opportunities within the Commission's statutory authority and the Commission's strategic plan. Questions regarding this report and detailed information regarding ACPE programs and publications are available on www.highered.az.gov or by contacting our office at 602.258.2435.

Respectfully Submitted,



Dr. April L. Osborn, Executive Director

cc: Brandi Lease, Senate Education Research Analyst
Aaron Wonders, House Education Research Analyst
Kelsey Jahntz, House Majority Policy Advisor
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The Arizona Commission for Postsecondary Education (ACPE)
FY 2018 Annual Report

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

Submitted December 28, 2018
Dr. April L. Osborn, Executive Director

Introduction

The work of the Arizona Commission for Postsecondary Education (ACPE) is guided by a strategic plan. The purpose of the plan is to provide focus for the activity of this small agency and its seven staff members in order to increase productivity and impact in the areas of its statutory authority. The mission and goals were reviewed and accepted by Commissioners and this report reflects a review of goals, performance, and outcomes as outlined in the plan.

Through a planning process, the 16 Commissioners identified an agency mission of *expanding access and increasing success in postsecondary education for Arizonans.* Three goals were named to achieve this mission: (1) maximize available student financial assistance to students and families, (2) provide accurate and timely information and assistance from knowledgeable professionals to help students and their families enroll, finance, and succeed in postsecondary education, and (3) provide a forum for all sectors of postsecondary education to dialogue, partner, and problem solve issues of mutual interest. A roster of the ACPE Commissioners follows this introduction.

The work of the ACPE has been highly impacted over the past ten years by the reduction of over $6M in state appropriated student financial assistance dollars and the loss of $1.7M of federal student aid and infrastructure funding. These changes include:

- suspension of the Postsecondary Education Grant (PEG) in 2011 and repeal in 2017;
- suspension of the Private Postsecondary Education Assistance Program (PFAP) in 2011;
- establishment of the Early Graduation Scholarship Grant in 2008, and its ceased in 2013;
- transfer of the Arizona Math, Science, and Special Education Teacher Loan Forgiveness program to the Commission and reduction of funding to $176,000 annually in FY 2012;
- establishment of several College Access Challenge Grant initiatives at the request of the Governor's Office within the Commission including the Arizona

College Access Aid Program (ACAAP) in 2009, later transformed into the Last Stretch Scholarship in 2011, as well as infrastructure funding to establish the Arizona College Access Network.

The following "Historical Review of ACPE Student Aid Programs" table shows that $2.6M of the Commission budget in FY 2018 represented flow-through funds dedicated to student grants and scholarships. In contrast, in FY 2008 the student financial assistance dollars were $7.5M. This table reflects additional ACPE budget reductions in student grant/scholarship programs over the past eight years.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
Total Aid Disbursed	$ 3,711,781	$ 3,511,920	$ 4,178,488	$ 3,521,142	$ 2,484,619	$ 2,483,125	$ 2,488,151	$ 2,612,217
% Decrease compared to FY 2008	-51%	-53%	-45%	-53%	-67%	-67%	-67%	-62%

The loss of these grant dollars affects the lives of nearly 20,000 students who in previous years would have applied to the ACPE for grants/scholarships and received funds. It is important to note that at the close of FY 2010 the ACPE had a waiting list of an additional 8,799 students who were seeking financial aid, even when these grants were available.

Moreover, student financial aid is critical if the Governor's priorities of equal access to education, growing the economy, and opportunity for all are to be fully realized. Today's Arizona postsecondary students have lost significant financial assistance due to budget reductions. Policymakers will find data on the impact of financial aid dollars administered by the Commission reported in the Goal 1 section of this report. The data is reflective of all sectors of higher education, i.e. community colleges (all 10 districts), public universities, Arizona's 36 private degree granting colleges/universities, and vocational training schools. Likewise, the ACPE reports include student demographic data such as age, average family income, program of study, institution attended, and the recent grants can provide information regarding student reported behavioral barriers to continuing their education.

Again in 2018 there was a great deal of Commission activity regarding Goal 2 which calls for the Commission to provide support from knowledgeable professionals as well as accurate and timely information to help students and families take steps to enroll, finance, and succeed in postsecondary education. Three initiatives which stem from the success of the Commission's long-standing College Goal Sunday Statewide Financial Literacy Initiative have been established within the Commission in support of building a college-going culture statewide. These include:

- leadership of the Arizona College Application Campaign conducted in high schools in partnership with the public universities, community colleges, and private institutions and supported by a Statewide Advisory Committee,

- a renewed focus on workshops at the high schools for the College Goal FAF$A Financial Literacy Initiative, in partnership with AASFAA (Arizona Association of Student Financial Aid Administrators), thus supporting both community and high school FAFSA (Free Application for Federal Student Aid) Completion Workshops statewide, and

- assisting high schools promoting the FAFSA application which opens on October 1, FAFSA completion training, and providing FAF$A Finish Line Reports to high school counselors, allowing increased completion of the FAFSA for seniors through individualized targeted interventions.

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 related 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 advice from the 16 appointed Commissioners. The current roster of the Commissioners and Commission staff follows.

Commissioners 2017 – 2018

Arizona Commission for Postsecondary Education

John Arnold
Executive Director
Arizona Board of Regents

Dr. Tacy Ashby
Senior VP, Strategic Educational Alliances
Grand Canyon University

Frank Ayers
Chancellor
Embry-Riddle Aeronautical University

Jenifer Brumbach
Director of Education
East Valley Medical College

Brian Capistran
Superintendent
Glendale Union High School District

Susan Ciardullo
Regional Director
West Coast Ultrasound Institute

Dr. Steven Gonzales
President
GateWay Community College

Dr. Jody Johnson
Superintendent
Pointe Schools

Jill Kohler
President
Penrose Academy

Dr. Joel Kostman
Executive Director
Arizona Automotive Institute

Dr. James Rund
Senior VP, Educational Outreach & Student Affairs
Arizona State University

Dr. Colleen Smith
President
Coconino Community Colleges

Teri Stanfill
Executive Director
Arizona Board for Private Postsecondary Education

Dr. Kasey Urquidez
VP, Enrollment Management, Student Affairs Advancement & Dean of Undergraduate Admissions
University of Arizona

Edward Vasko
CEO
Terra Verde, LLC

Dr. Michael Wright
Superintendent
Blue Ridge Unified School District

Commission Staff

Dr. April L. Osborn
Executive Director

Cathy Guthrie
Business Manager

Daniel Helm
Associate Director, State Student Financial Aid

Deena Lager
Director, Arizona Family College Savings Program
Director, Arizona Student Financial Aid

Julie Sainz
Arizona FAF$A Challenge Project Manager

Michelle Sarumova
Program and Agency Operations Director

Judi Sloan
Office & Communications Coordinator

Goal 1: <u>Maximize student financial assistance available to students and families</u>

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.

Over the past twelve years, the Commission has been responsible for eleven financial assistance programs including:

- Arizona Leveraging Educational Assistance Partnership (AzLEAP), currently $2.3M/year;
    - Leveraging Educational Assistance Partnership (LEAP), federal matching funds of approximately $500,000/year, ceased in 2012;
    - Special Leveraging Educational Assistance Partnership (SLEAP), federal funding ceased in 2012, amounts varied generally over $600,000/year;
- Private Postsecondary Education Student Financial Assistance Program (PFAP), suspended in 2010, amounts varied up to $800,000/year;
- Postsecondary Education Grant (PEG), suspended in 2010 and amended in 2017, amounts varied up to $5M/year;
    - Special Postsecondary Education Grant, $540,000 designed to meet federal Maintenance of Effort (MOE) requirements, ceased in 2014;
    - Private Postsecondary Education Grant (PPEG), created in 2017 amendment, currently funded at $0/year;
- Arizona Teacher Student Loan Program (ATSLP) formerly known as the Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE), amended in 2017 and currently funded at $426,000/year;
- Early Graduation Scholarship Grant, amounts varied up to $4.8M, ceased in 2013;
- College Access Challenge Grant financial assistance programs titled (a) Arizona College Access Aid Program and (b) the College Access Challenge Last Stretch Scholarship, funded at $1.1M/year, ceased in 2014;
- PFAP, PEG, and ATSLP (MSSE) forgivable student loan repayment programs;

- The Arizona Family College Savings (529) Program; and

- AZGrants Student Financial Assistance Web Portal.

Dramatic changes have occurred in many of the student financial aid programs listed above, at both the state and federal levels during the years depicted in the "Historical Review" table on page 4 of the Introduction. Most notable are the suspension or termination of several successful financial aid programs administered by the Commission as well as the restructuring of several programs.

Funding for the Private Postsecondary Education Student Financial Assistance Program (PFAP) was placed on suspension in 2010 and the program remains suspended. The Postsecondary Education Grant (PEG) was also suspended in 2010 and then ceased in 2017. The Early Graduation Scholarship Grant (EGSG) ceased in 2013. Additionally, the Special Postsecondary Education Grant (Special PEG) and the College Access Challenge Last Stretch Scholarship (CAC Last Stretch) ceased in 2014. PFAP, PEG and Special PEG programs successfully achieved their intended 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 to increase motivation and persistence to complete a baccalaureate degree.

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 Governor's Office partnered with the Commission to provide student scholarships through the second cycle of the 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 completion. Unfortunately, FY 2014 was the last year of funding for the Last Stretch Scholarship due to the denial of Governor Brewer's request for a federal waiver of Arizona's Maintenance of Effort (MOE) toward 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 sixth full year of administration of the newly renamed Arizona Teacher Student Loan Program (ATSLP) formerly 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. In 2017, funding was modestly increased to $426,000. To better serve the eligible pool of Arizona teachers-in-training, the ACPE requests one FTE, one computer, and an additional $312,400 in its FY 2020 Decision Package.

A detailed description of the implementation and outcomes of all active and inactive 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 which provides both information and a single application for all grants, as well as the Arizona Family College Savings Program are covered in the last pages of the Goal 1 section.

Active Student Aid Programs

1.1 Arizona Leveraging Educational Assistance Partnership (AzLEAP)

The Leveraging Educational Assistance Partnership (LEAP) has been in existence in Arizona since 1972 and has served as Arizona's "primary" low-income student grant program. LEAP was first offered in the 1970's to encourage states to establish their 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 remained Arizona's "primary grant" 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 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 2018 was the seventh year the Commission administered the restructured AzLEAP program. Private and public higher education institutions apply to the ACPE and the ACPE certifies institutional eligibility and determines a proportional distribution of funds to institutions (based on the number of Arizona resident students). AzLEAP recipients are selected by the institutions on the basis of financial need established through federal methodology and state administrative rules. Near the end of the fiscal year the institutions provide reports to the Commission regarding the students awarded. The Commission reviews the students awarded to assure program compliance.

In FY 2018, three thousand fifteen (3,015) Arizona Leveraging Educational Assistance Partnership (AzLEAP) awards were provided through 37 postsecondary institutions totaling over $2.3 million in leveraged financial aid (state and institutional) to low-income students.

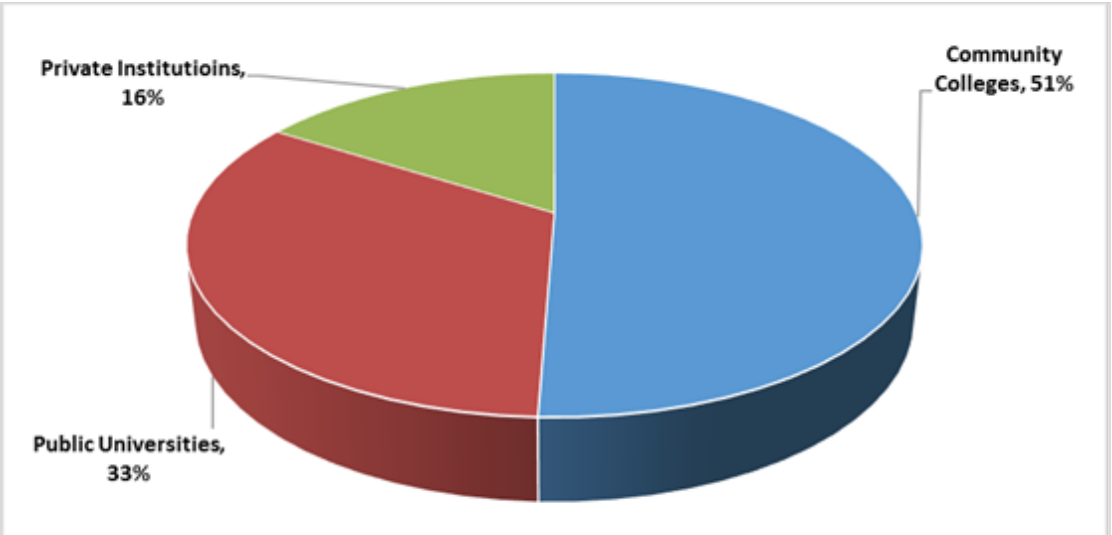
The table below provides a description of those who received awards in FY 2018.

Description of AzLEAP Recipients in FY 2018

Total Recipients	Total Disbursement	Dependent Recipients	Independent Recipients	Recipients w/Income Less than $19,999	Recipients w/Income Between $20,000 and 39,999	Recipients w/Income Over $40,000
3,015	$2,319,500	1,218	1,797	1,706	940	369

It is important to note that 88% of the recipients had incomes below $40,000 with over 57% of the total recipients reporting incomes under $20,000. The percentage of students whose incomes reported was less than $19,999 illustrates the need is still present for this financial aid program. Institutional distribution of AzLEAP awards in FY 2018 resulted in the following distribution percentages: 33% to public universities, 51% to community colleges, and 16% to private institutions as illustrated in the pie chart on the following page.

Distribution of AzLEAP Recipients by Institution in FY 2018



Educational Sector	Total Disbursement	Total Recipients	Average Grant
Community Colleges	$1,173,523	2,034	$577
Public Universities	$775,577	432	$1,795
Private Institutions	$370,400	549	$675
Total	$2,319,500	3,015	$769

Annual AzLEAP administration performance measures are collected through surveys from institutional financial aid administrators and reviewed by ACPE staff. Based on the 2017-2018 surveys, 95% of financial aid administrators indicated that they agreed or strongly agreed that they were satisfied with administration of this program by the Commission. The Commissioners are pleased that the State recognizes the need to continue this important financial aid program. With the rising tuition costs and limited or reduced financial aid available, the Commission is gratified to be able to partner with the participating institutions to offer this much needed aid to low-income students.

1.2 Arizona Teacher Student Loan Program (ATSLP) Formerly the Arizona Math, Science Special Education Teacher Loan Forgiveness Program (MSSE)

The Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE) was created in 2007. During the 2017 Fifty-Third Legislature, First Regular Session, Senate Bill 1040 made significant changes along with renaming the program to the Arizona Teacher Student Loan Program (ATSLP). Effective FY 2018, the new changes are:

1. Elimination of the service area of teaching in elementary schools that are located in geographic areas that are experiencing a shortage of teachers,

2. Inclusion of three additional service areas: low-income schools, rural schools, or schools located on an Indian reservation,

3. Inclusion of students who are pursuing a teaching certificate through an alternative teacher certificate program as eligible students for the forgivable loan,

4. Inclusion of students who have a bachelor's degree and are in an alternative teacher certification program as eligible students for the forgivable loan, and

5. The allocation of forty percent of the annual amount appropriated to students who agree to provide instruction in a low-income school, rural school, or a school located on an Indian reservation.

During FY 2018, this student-centered, need-based forgivable loan was designed to increase the number of teachers in Arizona's public K-12 system in the following areas: math, science, special education, low-income schools, rural schools, or schools located on an Indian reservation. The forgivable loan supports and encourages Arizona resident college students to take on a mission of service in order to repay their obligation by pursuing a teaching career in identified high need areas and to remain in the State after graduation. Forgivable loans to help defray the cost of tuition, fees, and instructional materials were granted to eligible junior or senior undergraduate education majors and students enrolled in an alternative teacher certificate program offered at qualifying postsecondary education institutions in the State. Additionally, students must complete the Free Application for Federal Student Aid (FAFSA). The maximum forgivable loan is $7,000 per academic year for up to three years. To have the loan forgiven, students must sign a promissory note each year agreeing to teach in select service areas in a public K-12 school in Arizona for the number of years they received the loan funding plus one year. The selected service areas in FY 2018 are math, science, special education, or a low-income school, rural school, or a school located on an Indian reservation. Students who do not meet the forgiveness criteria must repay the amount borrowed plus any interest.

In FY 2018 ATSLP loans were disbursed to 56 students, 49 loans to initial recipients (1st time recipients) and 7 loans to continuing recipients (prior recipients). The loan recipients attended both public and private postsecondary institutions for a total disbursement of $292,717.

The table below provides a student profile for those who received loans in FY 2018.

ATSLP FY 2018 Student Profile

Total Applicants	Total Recipients	Total Disbursement	Average Loan Amount	Average Age of Recipients	Initial Recipients	Continuing Recipients	Good Cause Exceptions
84	**56**	**$292,717**	**$5,227**	**29**	**49**	**7**	**0**

The difference between the total applicants and the total recipients is comprised of twenty-eight applicants who did not meet program requirements.

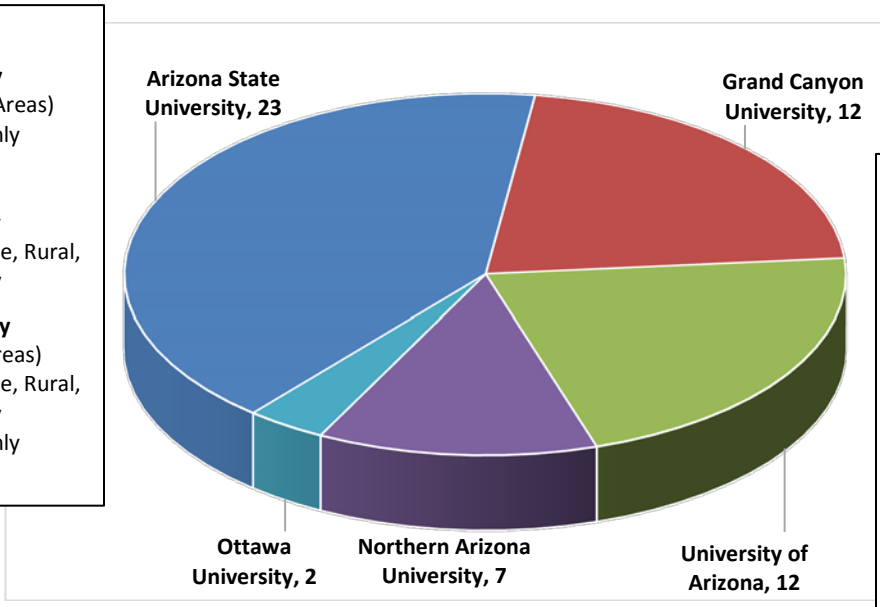
The following pie charts represent a breakout of the institutions the 56 loan recipients attended and the areas recipients indicated that they would be teaching.

Recipients by Institution in FY 2018

Distribution:

Arizona State University
13 Combined (Multiple Areas)
3 Low-Income School Only
2 Math Only
2 Science Only
2 Special Education Only
1 Combined (Low-Income, Rural, Indian Reservation) Only

Grand Canyon University
8 Combined (Multiple Areas)
2 Combined (Low-Income, Rural, Indian Reservation) Only
1 Low-Income School Only
1 Special Education



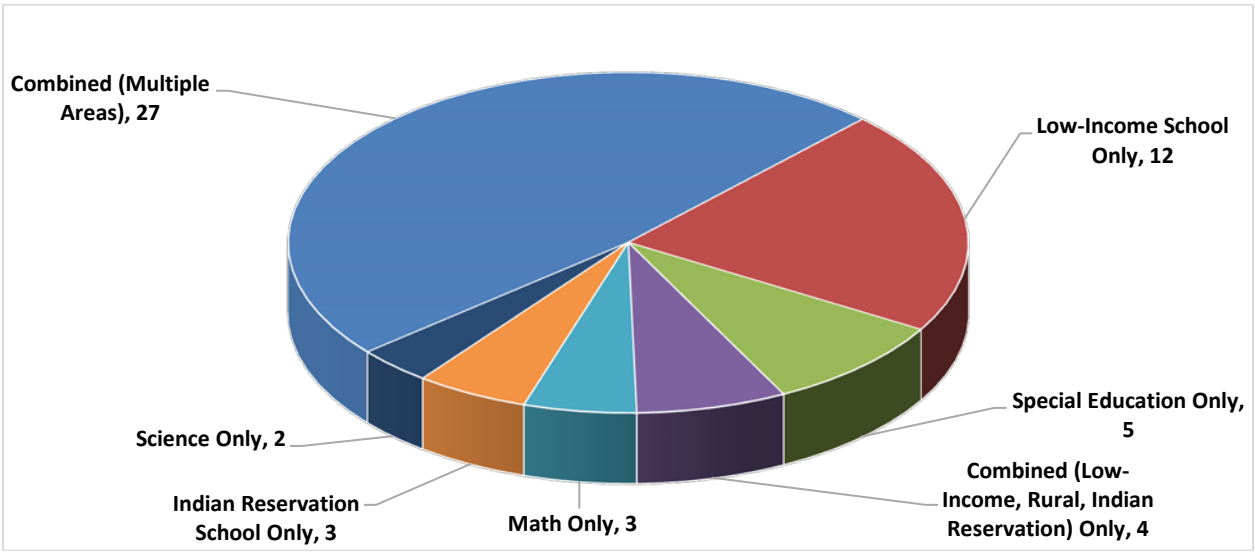
Distribution:

University of Arizona
4 Low-Income School Only
3 Combined (Multiple Areas)
3 Indian Reservation School Only
1 Combined (Low-Income, Rural, Indian Reservation) Only
1 Special Education

Northern Arizona University
3 Combined (Multiple Areas)
2 Low-Income School Only
1 Math
1 Special Education

Ottawa University
2 Low-Income School Only

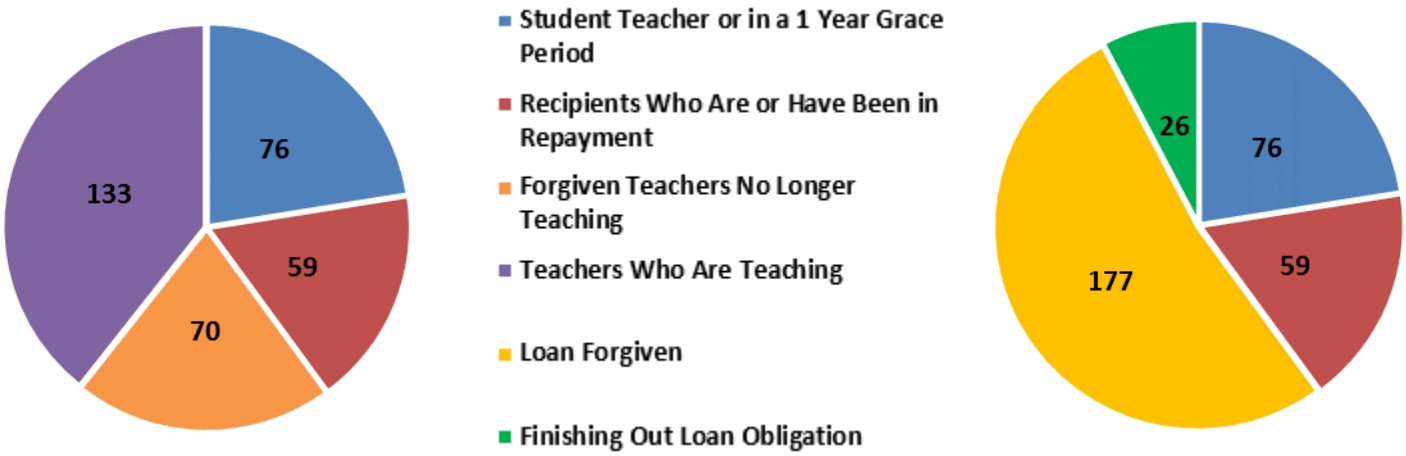
Recipients by Subject/Location in FY 2018



Status of Recipients in ATSLP (MSSE) Program from Inception through FY 2018

Tracking responsibilities are significant for the ATSLP (MSSE) Program as each loan recipient is required to be tracked between seven to eleven years, depending on the number of years each student received funding. For students who enter into repayment, the relationship can increase up to 15 years. With the conclusion of FY 2018, 338 students have participated in the ATSLP (MSSE) Program since its inception in 2007.

History of ATSLP Loan Recipients



Teaching Status **Loan Status**

In the graphs above 203 (60.1%) loan recipients are or have been teachers. Of those 203 teachers 177 (52.4%) have had their loan forgiven, while 26 (7.7%) are still working on loan forgiveness, with the prospect of an additional 76 (22.5%) loan recipients becoming teachers.

In FY 2019 the Commission will continue collecting the five-year teacher retention data for the 76 individuals whose loans have been forgiven through teaching.

The following is a list of the public K-12 schools in Arizona at which the 26 currently teaching loan recipients are employed.

K-12 Schools where ATSLP (MSSE) Graduates Served their Teaching Obligation in FY 2018

School	City	Subject Taught
Camp Verde School	Camp Verde	Elem Education - Geo Shortage
Perry High School	Chandler	Math
Cottonwood Elementary School	Cottonwood	Elem Education - Geo Shortage
Coconino High School	Flagstaff	Math-Science
WF Killip Elementary School	Flagstaff	Special Education
Williams Field High School	Gilbert	Math

Apollo High School	Glendale	Science
Glendale Success Academy	Glendale	Math
Legend Springs Elementary	Glendale	Special Education
Paseo Pointe Elementary School	Laveen	Elem Education - Geo Shortage
Trailside Point School	Laveen	Special Education
Emerson Elementary	Mesa	Elem Education - Geo Shortage
Noah Webster Schools	Mesa	Elem Education - Geo Shortage
Peoria Accelerated High School	Peoria	Math
Academia Del Pueblo	Phoenix	Elem Education - Geo Shortage
Amy Houston Academy	Phoenix	Special Education
Catalina Ventura	Phoenix	Special Education
Phoenix Advantage Charter School	Phoenix	Elem Education - Geo Shortage
Cocopah Middle School	Scottsdale	Science
Desert Sun Academy	Scottsdale	Math
Show Low Jr High School	Show Low	Math
Tempe High School	Tempe	Special Education
Centennial Elementary	Tucson	Science
Pima Prevention Partnership	Tucson	Special Education
Rincon High School	Tucson	Math
Senita Valley	Tucson	Elem Education - Geo Shortage

Due to the level of appropriation in FY 2018 limited advertising or promotion of the program was undertaken. The ACPE and staff are assessing different avenues of advertising, like 1) individual letters to K-12 principals promoting the program among the school's student teachers, aids, or other personnel, and 2) promotional material readily available at educational conferences throughout the state.

ATSLP provides an important vehicle to shape student choices and bring new teachers to the profession in order to meet Arizona's teacher shortage needs. Furthermore, ATSLP provides those students not eligible for the Arizona Teachers Academy a pathway to financial assistance. This also includes students who attend private postsecondary institutions and students pursuing a teaching certificate through an alternative teacher certificate program. Additionally, the staff believes that ATSLP will support the recruitment of teachers in public schools and support the Governor's investment in education. The Commissioners and staff are honored to provide financial aid to this cadre of teachers who are critical to the success of the Governor's goal of addressing the growing teacher shortage in our State.

Teacher retention contributes significantly to school success and Arizona is struggling in this area. Evidence of this problem is found in Arizona Department of Education's January 2015 *Arizona Education Retention and Recruitment Report*[1] where it is reported that 24% of first year teachers and 20% of second year teachers left their positions and were not teaching in the 2013-2014 school year. Moreover, the August 31, 2018 *Human Resources Professionals in Arizona Schools Survey*[2] found that 24.8% or 1,547 teacher positions remained vacant a few weeks into the school year and 47.9% or 2,980 teacher positions were filled by individuals not meeting standard teaching requirements.

Unfortunately, the FY 2018 level of appropriations for the ATSLP program will not solve the shortage. In FY 2019, the Commission has requested the increase of $312,400 for a total of $738,400 in FY 2020. This includes one full time employee at $60,900 and one computer for $1,500. The increase in funding will reach an additional 30-40 teachers in-training annually.

The increase in funding for this program will aid the State in meeting the Governor's education goals and will contribute to the Achieve60AZ overall goal of 60% of Arizona working adults holding a degree or certificate.

Inactive Student Aid Programs

1.3 Private Postsecondary Education Student Financial Assistance Program (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 with financial need to enroll as a full-time student and complete a baccalaureate degree from a private postsecondary institution; thereby realizing a savings to the State of Arizona. Students who failed to achieve a baccalaureate degree within three years from the first disbursement of funds, or those who did not enroll for a period of time greater than twelve months, entered into a repayment program.

More than 1,600 students have benefited from the PFAP Program since its inception representing a 90% graduation rate. With the average PFAP recipient being 31 years of age, this program was successful at providing financial aid to adult students. However, after several years of repeated reductions, the Private Postsecondary Education Student Financial Assistance Program (PFAP) awarded the last 161 recipients a total of $275,000 during FY 2010. The program was placed on suspension in FY 2011.

[1] January 2015. "Educator Retention and Recruitment Report." *Arizona Department of Education*.
[2] August 2018. "Human Resources Professionals in Arizona Schools Survey." *Arizona School Personnel Administrators Association.*

The Commission continues to focus on the remaining 6 promissory note holders who are in repayment. Information on PFAP repayments can be found in section 1.7 titled *Forgivable Student Loan Repayment Programs*.

1.4 Postsecondary Education Grant (PEG), Ceased

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 could only be used for tuition, books, and fee expenses. Students were required to obtain a bachelor's degree within five years after the first PEG disbursement. If a student did not obtain a bachelor's degree within five years or did not enroll for a period of time greater than twelve months, the grant became a loan that the borrower must repay, and the student entered 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 included (1) strengthening the private higher education sector, (2) providing cost savings to the State by encouraging residents to attend private colleges and universities over publically funded universities, and (3) increasing the number of baccalaureate degrees in the State of Arizona, thus increasing the tax revenues from a more readily available educated and higher wage-earning workforce.

In addition to strengthening the private sector of postsecondary education in Arizona, PEG successfully achieved its intended outcome of providing financial aid to adult students, increasing motivation and persistence to complete a baccalaureate degree. The average age of PEG recipients was 28 years.

More than 4,000 recipients benefited from the PEG program during its short existence (FY 2006 – FY 2010). The Commission has confirmed that over 3,300 recipients have already graduated from a private college or university and had their loans forgiven. This represents a remarkable 75% graduation rate for this program. FY 2010 was the last year forgivable loans were awarded in this program. The ACPE awarded 1,400 students for a total of $2,242,678.

The Commission continues to focus on the remaining 178 promissory note holders who are in repayment. Information on PEG repayments can be found in section 1.7 titled *Forgivable Student Loan Repayment Programs.*

1.4A. Special Postsecondary Education Grant (SPEG), A Forgivable Loan – Ceased

The Special Postsecondary Education Grant (Special PEG) program was created in FY 2013, to financially support and to encourage college students to graduate from a private postsecondary baccalaureate degree-granting institution in Arizona while

strengthening the private higher education sector. The maximum grant (forgivable loan) was $2,000 per year for up to two academic years. Funds could only be used for tuition, books and fee expenses. If a student did not obtain a bachelor's degree within three years or did not enroll, at least half-time, for a period of time greater than twelve months, the grant became a loan that the student must repay.

More than 300 students have benefited from the Special PEG Program since its inception. Special PEG successfully achieved its intended outcome of providing financial aid to adult students and increasing baccalaureate degree completion, as the average recipient age was 32 years. In FY 2014, the Special Postsecondary Education Grant Program (Special PEG) ceased.

1.4B. Private Postsecondary Education Grant (PPEG)

During the 2017 Fifty-Third Legislature, First Regular Session, House Bill 2388 repealed the Private Postsecondary Education Grant (PEG) program and created the Private Postsecondary Education Grant (PPEG). PPEG is a student-centered forgivable loan designed to financially support and encourage Arizona resident students to attend a private postsecondary baccalaureate, certificate, or associate degree granting institution in Arizona.

The PPEG program was patterned after the successful student-centered PEG program. Funds must be used for tuition books, and fee expenses. Grant recipients must graduate in seven years if completing a baccalaureate degree or four if completing an associate degree; otherwise, the grant recipients must reimburse the Commission the granted funds.

The Commission looks forward to the administration of the PPEG program once funds are appropriated. Currently no funds have been appropriated for PPEG.

1.5 Early Graduation Scholarship Grant – Ceased

The Early Graduation Scholarship Grant (EGSG) was created in 2007. This non-need based college access scholarship was designed to provide an incentive for high school students to graduate early and promptly transition into a postsecondary experience. Students who graduated from a public high school district or charter school at least one year early and enrolled full-time at an eligible Arizona postsecondary institution could receive up to $2,000 (over two academic years) to be used to defray the cost of tuition, fees and book expenses. The Early Graduation Scholarship was available for three years after graduation. This grant program which rewarded high school students who graduated early was funded through shared revenue with high schools and collaboration with the Arizona Department of Education (ADE).

All students who graduated at least six months early, from public high schools or charter schools, and then immediately enrolled full time at an eligible post-secondary institution in Arizona were eligible to apply for this grant. EGSG funds were available to early graduates to attend over 100 regionally or nationally accredited public/private colleges,

universities, community colleges or vocational postsecondary institutions in the State of Arizona. The funds were disbursed over two years and were eligible to be combined with most other merit scholarship awards.

Since the program inception a total of 464 early graduates received awards totaling $543,212. The program was suspended in FY 2011 and in FY 2013, the Early Graduation Scholarship Grant (EGSG) ceased.

1.6 College Access Challenge Grant Last Stretch Scholarship – Ceased

The College Access Challenge Grant (CACG) program was a formula grant 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. Through the grant the College Access Challenge Last Stretch Scholarship was created.

As a need-based scholarship, the CAC Last Stretch Scholarship program was designed to assist low-income college students who have completed over 60 college credit hours to achieve their baccalaureate degree at any regionally or nationally accredited institution. Eligible students were required to have substantial financial need as determined by the Free Application for Federal Student Aid (FAFSA). Students could receive the scholarship for a maximum of three academic years or until they received their first baccalaureate degree. Funds were limited and awarded on a first-come, first-served basis at the time of application completion. The maximum grant awarded for the academic year was $2,000 based on full-time enrollment. Scholarship funds could be applied toward any educational expenses documented in the student's Cost of Attendance (COA) at their institution.

More than 1,300 students for a total of $3,102,000 benefited from the College Access Challenge Last Stretch Scholarship since its inception. In FY 2014, the College Access Challenge Last Stretch Scholarship ceased.

1.7 Forgivable Student Loan Repayment Programs

Currently the Commission administers three repayment programs: (1) the Private Postsecondary Education Student Financial Assistance Program (PFAP); (2) the Postsecondary Education Grant (PEG); and (3) the Arizona Teacher Student Loan Program (ATSLP), formerly the Arizona Math, Science and Special Education Teacher Loan Forgiveness Program (MSSE).

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 ATSLP/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 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 Attorney General's office performs this service for a variable fee on every dollar 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 requires that the student achieve a bachelor's degree within three years or they must repay the loan. There have been 1,651 students awarded PFAP forgivable loans since its inception in 1996, and 6 borrowers are currently being tracked in the repayment program 60 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 bachelor's degree within five years from the initial disbursement date or they must repay the loan. Since the program's FY 2007 inception, 4,467 students received the forgivable loan. Of those recipients, 3,350 have graduated with a baccalaureate degree within the required five-year time frame. Of the remaining 1,117 promissory note holders, 163 are in repayment, 728 have been referred to the Attorney General, 8 are deceased, 17 have been forgiven, 186 have paid their grant in full and 15 are in deferment. Promissory note holders who fail to meet the requirements of the forgivable loan must enter into the repayment program.

As previously mentioned, the Arizona Student Teacher Loan Program (ATSLP) formerly 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 338 students who have been granted ATSLP/MSSE forgivable loans since the program's inception, plus the collection of repayments, including interest, from those who fail to meet the requirements of the program. Of those students, 16 have paid their loan balance in full, 15 are currently in repayment, 28 have been referred to the Attorney General's Office, 101 have completed the tracking and the remaining 178 will require tracking for up to 15 years. The tracking requirements of ATSLP/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 ATSLP/MSSE program is described in its entirety in section 1.2 of this report.

1.8 A Single Web Portal with Information for Families and Students Regarding Arizona Grants, Scholarships, Forgivable Loans, Student Loan Repayments, and Links to Financial Aid Resources

The Arizona Commission for Postsecondary Education (ACPE) is the designated State entity representing Arizona in the National Association of State Student Grant and Aid Programs. As the designated State entity for student financial assistance the ACPE receives all Free Application for Federal Student Aid (FAFSA) data for Arizona residents and houses it in a database within a fully-automated and secure AZGrants student grant portal. Fulfilling several critical needs for the state, the portal:

1. accepts and stores FAFSA data for all Arizona resident filings awaiting use in financial aid administration;

2. provides students and families a user-friendly single approach application for grants, scholarships, and forgivable loans administered by the Commission;

3. ensures security compliance with FERPA and Title IV regulations related to student personal information by allowing for secure transmission and storage of data;

4. provides interface and communication with financial aid staff and academic personnel in more than 100 postsecondary institutions who are required to certify student eligibility factors such as verification of attendance, certification of Satisfactory Academic Progress (SAP), program of study, and other eligibility requirements;

5. performs back office tasks such as awarding of funds, disbursement of funds, and has the capability of monitoring students through repayment thereby reducing the manual labor necessary for the ACPE to administer student aid programs;

6. provides high schools and counselors with a FERPA secure portal to receive FAF$A Finish Line Reports on individual students' applications;

7. has the capability to provide in "real time" data to Arizona's educational leaders and policy decision makers regarding student demographics, performance, success, and behavioral barriers to continuing their education.

The ACPE is using this secure portal for the Free Application for Federal Student Aid (FAFSA) Completion Initiative and FAF$A Finish Line reports. The portal can provide automation of the following: 1) a search and match for the specific high school senior's application among more than 800,000 Institutional Student Information Records (ISIR) in the Commission's database; 2) extraction of the allowable ISIR information; 3)

compilation of specific data elements into reports and unique records; 4) preparation of summary reports for authorized entities; and 5) secure dissemination of these reports. Moreover, a secure web portal is necessary for the high school counselors to submit lists of student information to the Commission for the data match process which results in an output report describing the progress of each student's application and if something is preventing it from moving forward to completion. Participating high schools and districts have signed data sharing agreements with the ACPE and have identified authorized staff members with valid user credentials to access these data reports via the Commission's secure web portal.

The public information pages of the web portal provide important information about additional sources of financial aid beyond state aid; thereby linking students and families to important funding resources. More information about the portal and its use is included in Section 2.2.C of this report.

1.9 Arizona Family College Savings Program (AFCSP)

The AFCSP continues to focus on increasing public awareness on the importance of Arizona families saving for college, 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.

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings (529) Program (AFCSP). In 1997, the AFCSP was established as Arizona's qualified tuition program under section 529 of the Internal Revenue Code (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 initially extended the tax incentive into perpetuity and subsequent action 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, effective January 1, 2013. 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 program offers an important vehicle to save for college expenses and reduce student loan debt for families.

The AFCSP was established as a multiple program manager or financial institution plan, ensuring a variety of investment choices for diverse investment needs and risk tolerances of families saving for college**.** Today, three well-respected financial 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[3]
College Savings Bank, a Division of NexBank SSB (direct-sold, FDIC Insured)
• Fixed Rate CD: fixed rate CD with principle and interest guaranteed • Honors Savings Account: high yield, tax-advantaged savings account. No fees, no penalties, no fixed term
Fidelity Investments (direct-sold)
• Three (3) age-based strategies: actively managed, indexed, and multi-firm portfolios • Six (6) static mutual fund portfolios • Five (5) individual fund portfolios • Bank Deposit Portfolio, FDIC Insured interest-bearing account
Ivy Funds InvestED: Waddell & Reed (advisor-sold)
• Six (6) Age-Based Portfolios customized based on college time horizon • Six (6) Static Portfolio options in which investor selects risk level: conservative, moderate or aggressive • Twenty (20) Individual Fund Portfolios invest in a single mutual fund; including domestic and international equity funds, specialty funds and fixed income funds

Critical to the success of the Arizona Family College Savings (529) Program (ASFCP) is the expertise and advice from the AFSCP Oversight Committee. The AFCSP Oversight

[3] Details of individual offerings can be found at www.az529.gov

Committee, as defined by state statute, comprises 10 members with financial, tax and legal expertise. The Oversight Committee's main responsibility is to make recommendations to the Arizona Commission for Postsecondary Education, the AFCSP Trustee. The Oversight Committee makes recommendations of providers along with reviewing and advising the staff and Trustee regarding investment and operational procedures. In addition, the Oversight Committee is responsible for an extensive annual review of each provider, through both a written report and in-person presentation and interview process. Each of the providers is evaluated on their success in meeting contract identified outcomes. The current roster of the AFCSP Oversight Committee follows.

Arizona Family College Saving Program Oversight Committee
Member Roster as of June 30, 2018

Roger D. Curley
Committee Chair
Attorney at Law
Curley & Allison LLP

Mark Swenson
Deputy Treasurer
State Treasurer Office

Henry DeSpain
Actuary
Matthews, Gold, Kennedy and Snow, Inc.

Serida Fong
Development Manager for Corporate Services
Charles Schwab

Jeff Ratje
Associate Dean, Finance and Administration
University of Arizona

Michael Rooney
Attorney
Sacks Tierney, PA

Mark P. Stein
CFP
Galvin, Gaustad and Stein, LLC

Sally A. Taylor
CPA, CFP
Director of Financial Planning
Keats Connelly

Vacant
Public Member with knowledge, skill and experience in accounting, risk management or investment management or as an actuary

Vacant
State Board for Private Postsecondary Education Designee

The report titled *Accounts and Assets Under Management* following this section summarizes data as of June 30, 2018 regarding AFCSP funded accounts, Assets Under Management (AUM), as well as the average account balance for each of the three providers.

The table on the following page indicates that as of June 30, 2018, there were 81,346 AFCSP funded accounts. This represents a 3.44% increase in the number of funded accounts since June 30, 2017. The growth in new accounts is driven by both Arizona

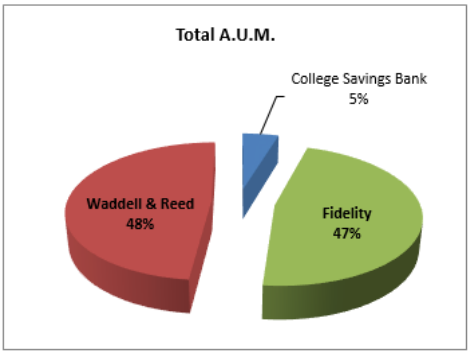
residents as well as residents of other states, indicating that the AFCSP provides attractive investments to both those inside and outside of Arizona.

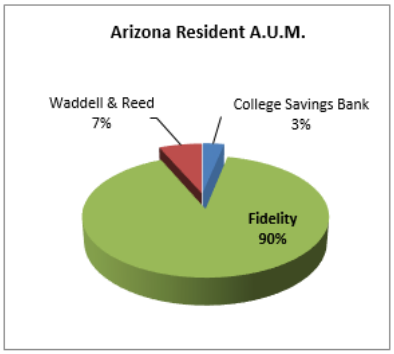
The bar chart in the report titled *Assets Under Management* illustrates the growth of AFCSP Assets Under Management (AUM) by year. Since its launch in 1999, the Arizona 529 Program has grown steadily, with the exception of FY 2008, the height of the Great Recession. As of June 30, 2018, total AUM increased just over $130 million to $1,323,374,808 compared to the $1,193,343,518 under management on June 30, 2017. This 10.9% growth in assets reflects a combination of new money deposited in accounts, as well as significant investment performance. As the AFCSP continues to mature, more families take advantage of distributions to pay for college expenses. These distributions denote the success of the Program in helping families meet their postsecondary education financial goals.

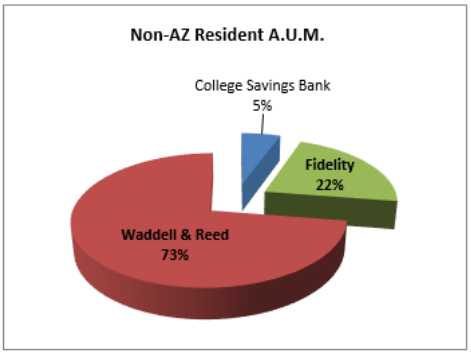
ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
Reports as of June 30, 2018
Accounts and Assets Under Management (A.U.M)
As reported by providers

				A.U.M. Held by AZ Residents			A.U.M. Held by Non-AZ Residents		
Program Manager	Total A.U.M.	% of Total A.U.M.	Average Balance	Total A.U.M.	% of A.U.M. by Provider	% of Total A.U.M.	Total A.U.M.	% of A.U.M. by Provider	% of Total A.U.M.
College Savings Bank	$ 62,523,998	**5%**	$18,776	$ 16,015,861	26%	**3%**	$ 46,508,137	74%	**6%**
Fidelity	$ 621,680,706	**47%**	$16,162	$ 438,615,348	71%	**90%**	$ 183,065,357	29%	**22%**
Waddell & Reed	$ 639,170,104	**48%**	$16,161	$ 32,043,228	5%	**7%**	$ 607,126,877	95%	**73%**
	$ 1,323,374,808			**$ 486,674,437**	**37%**		**$ 836,700,371**	**63%**	

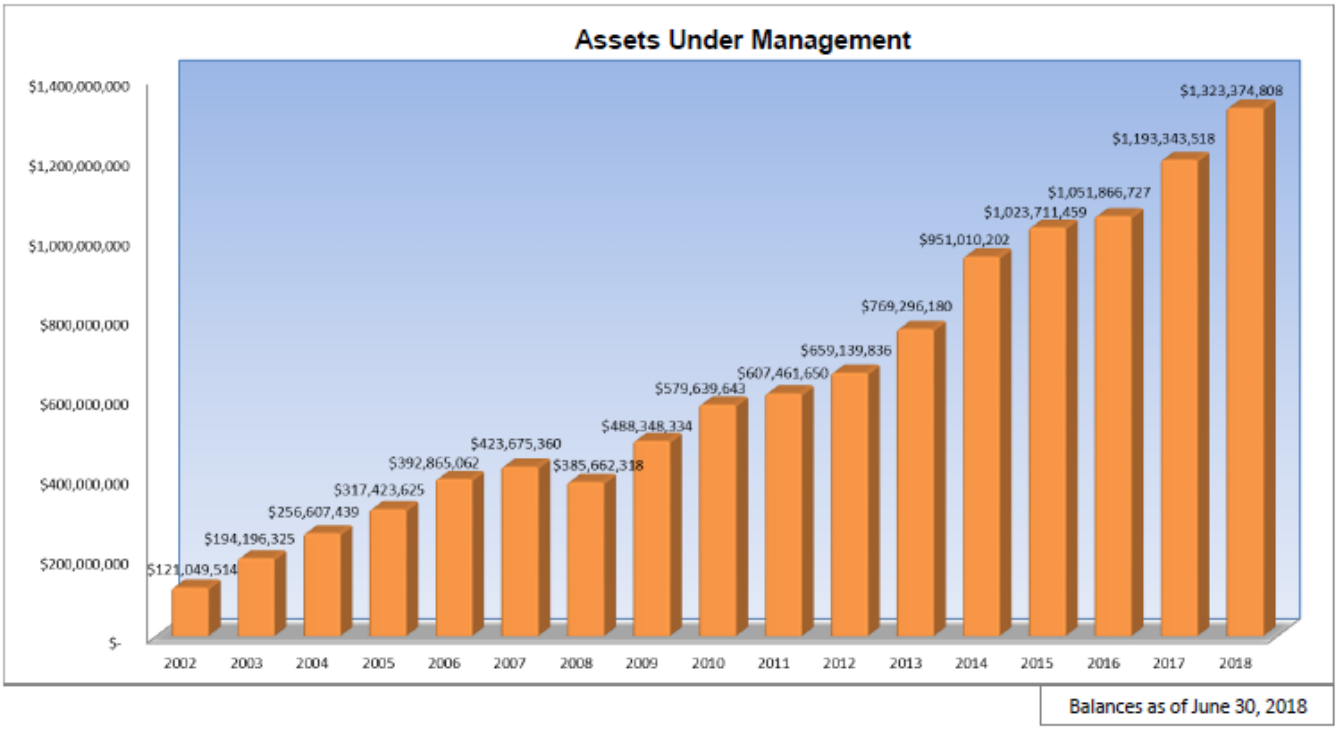
			Accounts Held by AZ Residents			Accounts Held by Non-AZ Residents		
Program Manager	Total Accounts	% of Total Accounts	Total Accounts	% of Accounts by Provider	% of Total Accounts	Total Accounts	% of Accounts by Provider	% of Total Accounts
College Savings Bank	3,330	**4.1%**	1,394	42%	**4.1%**	1,936	58%	**4.1%**
Fidelity	38,466	**47.3%**	30,031	78%	**89.4%**	8,435	22%	**17.7%**
Waddell & Reed	39,550	**48.6%**	2,169	5%	**6.5%**	37,381	95%	**78.3%**
	81,346		**33,594**	**41%**		**47,752**	**59%**	







Due to rounding formulas, some of the percentages may not total 100%.



The ACPE and its three program providers have taken measures to increase public awareness and increase accessibility of the Program for the benefit of Arizona families. These initiatives included a public awareness campaign promoting saving for college with an AZ 529 Plan during October for Arizona's College Savings Month, all of November and December for Gift Giving Season, and tips to help children learn to be savers not spenders during Financial Literacy Month in April and the month of May, leading up to 529 Day (5/29/2018). Fidelity Investments continued to promote its Social Gifting platform to current account holders throughout the fiscal year, highlighting traditional gifting opportunities (back to school, holidays, graduation and birthdays). Social Gifting enlists the help of friends and family in making college dreams a reality.

During fiscal year 2018, the Commission oversaw several initiatives to strengthen the Program for the benefit of Arizona families. These initiatives included: (1) preserving and strengthening long term relationships with all three program providers, (2) a continued focus on working with the providers to reduce plan expenses and offer improved investment options each year, (3) working with the Auditor General's Office to fulfill Performance Audit requests, (4) working with the Governor's office to fill vacant Oversight Committee positions, and (5) maintaining the integrity of the Program by providing continued oversight of the Program including a rigorous Annual Provider Review Process.

Capital Cities, Inc. entered a second year of service as the AFCSP's independent 529 investment consulting firm. The firm provides expertise, proactive reviews and continuous performance monitoring of three AFCSP program providers in support of the ACPE staff and Oversight Committee. Throughout the year, the firm has improved the 529 industry knowledge base of the Commissioners and shared industry insights with the Oversight Committee and ACPE staff. The depth of their year-round performance

and expense evaluation process spurs each of the program providers to focus on continuous improvements. Capital Cities is based in Indianapolis, Indiana and has been providing investment consulting expertise in a co-fiduciary capacity for more than 20 years. They currently consult to three other 529 Plans, including Indiana, the District of Columbia, and Rhode Island – representing over $10 billion in assets and more than 15 years of 529-specific expertise.

After reviewing Waddell & Reed's new investment menu lineup and upon recommendation of the Oversight Committee, the Commission guaranteed stability and continuity for account holders of the Waddell & Reed Ivy InvestEd program by approving, in August 2017, a new four-year contract with the option for a three-year extension. The following month, Waddell & Reed launched a new and improved investment menu which included an increased number of Age-Based portfolios and passive index fund options in addition to Waddell & Reed's customary actively managed funds. These new menu options offer improved capital preservation, reduced risk for families, more diverse investment options and lower expense ratios.

Fidelity Investments maintained its position as one of the 529 college savings plans recognized by SavingforCollege.com as being one of the least expensive direct-sold mutual fund investment offerings available in the industry. Fidelity and Waddell & Reed improved investment options by consolidating lesser used mutual fund options in their respective investment menus, giving account holders greater purchasing power, better performance and reduced expense ratios. This effort was in line with 529 industry best practices in 2018 as many financial institutions sought to consolidate fund types to further reduce investor expenses. College Savings Bank continues to increase interest rates on all of its FDIC insured product offerings in line with the Federal Reserve rate increases. All Program enhancements are designed to enrich the Arizona Family College Savings Program and ensure it remains a highly desirable plan.

In December 2017, the Office of the Auditor General completed a Performance Audit of the Arizona Commission for Postsecondary Education. The Performance Audit provided an evaluation of the Agency's programs and conducted a very thorough review of the Arizona Family College Savings Program. The Auditor General's Office presented one finding and provided five recommendations to further enhance the Arizona Family College Savings Program. The Auditor General stated: "The Commission and Oversight Committee should further strengthen 529 program oversight."

The Auditor General's evaluation concluded that while the Oversight Committee does monitor each provider's performance, it could enhance its annual provider review process in three areas. In addition, the Auditor General also made two recommendations to improve some of the 529 program administrative oversight responsibilities. The Auditor General's Office will continue to follow up with the Commission at 6-month and 18-month intervals regarding the status of those recommendations that have not yet been fully implemented. The current status of the Auditor General's recommendations as of September 21, 2018 are as follows:

- 2 have been implemented;
- 2 are in the process of being implemented; and
- 1 has not yet been implemented

In conclusion, this June 30, 2018 summary reflects continued account growth and positive market performance. Plan assets increased through both new plan accounts opened, regular and continuous deposits from current account holders, and steady investment gains in this still slow-growing economy. Both Fidelity Investments and Waddell & Reed have continued to drive down costs while strengthening their 529 plans. In addition, College Savings Bank still offers the highest interest rates in the 529 industry in the category of certificates of deposit and high-yield savings accounts. The AFCSP also benefits from recent Oversight Committee appointments, positioning the committee to effectively oversee the program well into the future. Most importantly, the number of Arizona families who recognize the importance of saving for college continues to grow as they look for ways to reduce their dependence on student loans.

The AFCSP Oversight Committee and the Commissioners who serve as Trustees continue to identify improvements and initiatives that will lead to the AFSCP mission of *assisting Arizona families to financially prepare for postsecondary education by providing quality college savings choices*. The Arizona Family College Savings Program's Annual Report will be issued in March and provides an analysis by calendar year. For a copy, please visit https://highered.az.gov/.

Goal 2: Provide support from knowledgeable professionals and accurate and timely information to help students and families take steps to enroll, finance, and succeed in postsecondary education

The Commission is committed to aiding the Governor and the state in achieving the important priorities of equal access to education, growing the economy, and eliminating the achievement gap experienced by low-income and minority students.

We join our education and business colleagues in seeking to increase to 60% the percentage of working-age adults who hold a degree or professional certificate through the Achieve60AZ Alliance. The state has several pools of residents who could bring us closer to this number. For example, research indicates that almost every parent holds the dream of college attendance for their child. Yet, only 54% of Arizona seniors in 2012 went on to a postsecondary education. Moreover, only 24% of the 2005-2006 senior class attained a college degree in six years (National Student Clearing House data on ABOR website).

Today only 42% of Arizona adults hold an education beyond high school. Yet in the next five years, 70% of jobs will require some form of postsecondary education. 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, over 600 free publications were disseminated statewide to provide current and appropriate college-going information. The Commission also hosts multiple websites which attracted 217,791 unique visits in FY 2018. 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-based compilation of postsecondary education opportunities statewide.

Second, the Commission supports knowledgeable professionals who assist first generation and low-income students to enroll, finance and succeed in postsecondary education. Public school counselors and college access professionals are two groups who are leading these efforts. The Commission both supports and leads activities including the College Goal FAF$A Financial Literacy Initiative; the Arizona College Application Campaign, and the FAF$A Finish Line Report Pilot Project which was successfully initiated in 2015. Each of these efforts is designed to add to the knowledge base, provide tools to professionals who guide low-income students and families in educational planning, and develop a college-going community in low-income serving high schools.

All strategies under Goal 2 are funded through grants, fees, donations, and sales; no general funds are used to support these college access tools and programs. The following is a description of the work of the Commission toward these goals.

2.1 College and Career Goal Arizona supports and develops a culture where every high school senior is encouraged and expected to apply for and participate in a postsecondary education experience

College and Career Goal Arizona (C^2GA) is a statewide initiative coordinated by the Arizona Commission for Postsecondary Education that promotes partnerships among high schools and postsecondary institutions statewide. The purpose is to implement strategies designed to help seniors complete the two most critical applications for their future.

College and Career Goal Arizona has three goals:

1. every eligible 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 because high schools across the state are stepping up to advise and guide seniors and their families through the challenging milieu of decisions and timelines related to college and financial aid applications. High schools are building a college-going community where staff lead a cohort approach among peers supporting first-generation and low-income students as they take the steps to enroll in college or some form of postsecondary education.

2.1A The Arizona College Application Campaign (AzCAC)

The Arizona College Application Campaign (AzCAC) is a statewide initiative with three main goals: (1) increase the number of low-income students who apply to at least one postsecondary education opportunity during their senior year in high school, (2) support and enhance existing high school efforts that encourage all students to have a postsecondary plan and take timely steps toward postsecondary education opportunities and success, and (3) contribute to a college-going community within and among the school staff, the student body and their families, and the community. The campaign is inclusive of all sectors of public and private postsecondary education, with the objective of fostering a statewide effort that expands students' postsecondary education or training opportunities leading to a certificate, associate, or baccalaureate degree.

The first College Application Campaign began in 2005 in North Carolina as a pilot effort at a single high school. Since then, many other states have initiated College Application Campaigns to meet the needs of their respective states' goals to increase the percentage of first-generation and low-income students who pursue a postsecondary education. Arizona was encouraged to take part in the College Application Campaign initiative by Lumina Foundation and the American Council on Education.

Following a brief pilot by the three public universities in 2012, the Arizona Commission for Postsecondary Education (ACPE) was asked to assume leadership for the Campaign going forward. In 2013, the Commission piloted AzCAC with eight partner high schools with a data collection component for ongoing program evaluation. The Commission established an Advisory Committee for the initiative comprising stakeholders across the state including representation from the Governor's Office, Arizona Board of Regents, Arizona Department of Education, public and private universities, community colleges, businesses, and college access professionals.

All agreed that the goal would be to increase the number of students statewide who submit applications for postsecondary education in the fall of their senior year. In

addition, success would be measured by:

1. The number of student reported FIRST applications submitted and the number of total applications submitted to date as compared to previous years.

2. The number of students matriculating in the summer, fall, or spring semester/quarter following their participation in the campaign as compared to the number of students matriculating in previous years.

The fall 2017 campaign was very successful. Sixty-seven high schools serving 20,109 seniors participated in College Application Campaign with the goal of 100% of their senior classes completing an application to at least one postsecondary institution. Eighty-seven percent were Title I high schools. Additionally, high schools agreed to maximize student participation and school-wide engagement by staging AzCAC events on school grounds, during the school day. A total of 7,847 applications were filed during the AzCAC events and remarkably, 2,808 or 22% of these students filed an application for the FIRST time during the event.

The Commission continues to promote the College Application Campaign on the College and Career Goal Arizona website developed in June of 2014. The website received 25,536 unique visits from July 1, 2017 to June 30, 2018.

Similar evaluation and planning were used to prepare for and implement the 2017 campaign. The outcomes and the data were presented to the Advisory Committee on April 26, 2018 for review and input. The Commission is currently seeking outside funding to continue this intensive and highly valuable work for 2018 and beyond.

2.1B College Goal FAF$A Completion Initiative

Arizona's College Goal FAF$A (CG FAF$A) Initiative is a sponsorship and grant-funded statewide program that provides free information and professional assistance to Arizona students and families seeking student financial aid for postsecondary education experiences. The Arizona Commission for Postsecondary Education has planned and coordinated the initiative for the past 22 years. The mission of the CG FAF$A Initiative is to increase the number of under-served and first-generation students entering postsecondary education.

The goals of the College Goal FAF$A Initiative are to:

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 to 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 campaign events. Long standing partnerships developed by the Commission with the Arizona Association of Student Financial Aid Administrators (AASFAA), the Arizona College Access Network (AzCAN), the Arizona Department of Education (ADE), and the Arizona School Counselors Association (AzSCA) have proven to be great assets in this work.

2.1.B1. Develop Material and Provide Assistance on Financial Aid Processes and Applications

The College Goal FAF$A 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. it is necessary to file the FAFSA early in order to be considered for all available aid, and

4. there are additional steps to take after filing the FAFSA.

When surveyed, high school students report in large percentages that they aspire to go to college and that they intend to file a FAFSA, yet their actions speak very differently. The FAFSA is the first critical step in applying for all types of financial assistance, yet the form and the application process are often overwhelming to students and families, especially for those whose parents did not attend college. It can be a challenge for students and their families to fully understand what they need to do and when. Many do not have adequate information about the availability of financial aid, the application process, nor the deadlines for filing the application.

The Commission promotes financial literacy providing accurate and timely information related to financial aid on both the College and Career Goal Arizona (C^2GA) and AZGrants websites. Line-by-line instructions on how to complete the FAFSA are included on the College Goal FAF$A 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. At the end of FY 2018, the College Goal Arizona Facebook page had 1,042 followers and received 1,061 "likes."

2.1.B2. College Goal FAF$A (CG FAF$A) Community Workshops

Each year, in-person FAFSA completion workshops are offered at various locations around the state in partnership with postsecondary institutions and the Arizona Association of Student Financial Aid Administrators (AASFAA). College Goal FAF$A workshops are supported by more than 280 volunteer financial aid professionals and community members from Arizona's colleges, universities, high schools, non-profit organizations, and members of the Arizona College Access Network (AzCAN). In 2018, 14 community-based College Goal FAF$A workshops across the state provided assistance to returning adult students, high school seniors, and parents in completing the online FAFSA form. Over 300 participants attended the 2018 community workshops to get FAFSA help and learn about the financial aid process.

The student/parent surveys tell a compelling story of the need for College Goal FAF$A (CG FAF$A). Seventy percent of respondents were able to complete their FAFSA during a CG FAF$A community workshop. Ninety-six percent of respondents who attended a FAFSA completion workshop in their community reported that they found the workshop valuable.

2.1.B3. College Goal FAF$A (CG FAF$A) High School Workshops

The CG FAF$A initiative, continued its evolution in FY 2018, and grew the number of participating high schools to 71 from 42 in the prior year. Resulting in a 69% growth in the number of participating CG FAF$A high schools. The incorporation of more high schools is seen as a positive move by the Commission. By holding workshops at high schools where students and families are comfortable, financial aid professionals will be better able to assist under-served and first-generation students entering postsecondary education.

Both community and high school FAFSA completion workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). At the high school workshops counselors, staff, and volunteer financial aid professionals from Arizona's colleges and universities mobilized to assist high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Over 7,250 students and families attended the 2018 high school workshops.

2.1.B4. FAF$A Finish Line Project

The Arizona Commission for Postsecondary Education was identified as the entity to lead the Free Application for Federal Student Aid (FAFSA) Completion Initiative in Arizona, inclusive of FAF$A Finish Line reports. Through this Federal initiative the U.S. Department of Education permits the Commission to disclose limited information about individual students' FAFSA application status to authorized high school and district

personnel, empowering high school personnel to provide help for a student to complete their FAFSA.

The Commission is the State repository for all FAFSA's filed by Arizona residents. Through a data sharing agreement between the Commission and the school or district, weekly updated reports describing the status of a high school senior's FAFSA application can be accessed by staff prepared to assist the student in completing the application.

Some states are increasing access to Pell grants for their students through the FAFSA Completion Initiative. The same is possible for Arizona. This would be a major contribution to the State's economy, further support the Governor's investment in education, boost Achieve60AZ, and provide more educated citizens to bolster the available workforce.

By the end of FY 2018, 133 high schools had submitted the required data sharing agreement. Sixty-nine high schools actively participated, in the FAF$A Finish Line campaign. The data enabled staff to target their limited time and resources, resulting in 38% of their seniors completing a FAFSA. The Commission and high schools partnering in the FAFSA Completion Initiative learned two important lessons: 1) that training of counselors/staff in reading and acting upon status reports is critical to success, and 2) that students should submit a FAFSA as early in their senior year as possible. The Commission currently is working with more than 155 high schools, 30 districts, and 6 designated entities for this next round of FAFSA applications.

2.1.B5. Arizona FAF$A Challenge

The Arizona FAF$A Challenge is a statewide initiative designed to increase the Free Application for Federal Student Aid (FAFSA) completion rates among Arizona high school seniors. The goal is to develop a state-wide college-going initiative that will result in an educated workforce to serve a growing Arizona economy. The goal for the 2018-2019 school year is to achieve a 50% FAFSA completion rate. In order to contribute to the state goal, high schools are encouraged to increase their senior cohort FAFSA completion rate by 5% over the prior year. The State intends to gradually increase the goal to a 78% FAFSA completion rate by year 2030 in order to support Achieve60AZ target of 60% of Arizonans in the workforce holding a certificate or degree.

In late February 2018, the Arizona Commission for Postsecondary Education hired the Arizona FAF$A Challenge Project Manager to develop and lead this initiative. The Project Manager would develop a full scale program, including a statewide FAFSA completion dashboard, website, and social media campaign. In the early stages of the project, a FAFSA Completion Coalition was established which consists of the Governor's Office of Education, Helios Education Foundation, Arizona College Access Network, Northern Arizona University, Achieve60AZ and the Arizona Commission for Postsecondary Education. This coalition is to serve as a network of partners to support the program and its statewide goal.

A critical step to the formation of this program was the development of an interactive website and FAFSA completion dashboard. Extensive research regarding website development and design was conducted by the Project Manager. As a result, the ACPE generated a user friendly website to promote the initiative and to host a centralized platform where school staff, administrators, students, and the general public can learn about the program. Website links, content, and graphics were tested to ensure that all content displayed was working properly. In addition to website development and program promotion, it was vital to incorporate resources such as FAFSA training webinars, handouts and helpful sites for those who are supporting the initiative. The Arizona FAF$A Challenge Project Manager collaborated with ADOA - Arizona Strategic Enterprise Technology (ASET) Office to develop the site, house the website on its server and provide a website domain name to access the site (FAFSAChallenge.az.gov).

Similarly, research was conducted on various software technologies to build a statewide FAFSA completion dashboard that would track the FAFSA completion rates for Arizona high schools. High school enrollment data and FAFSA completion data was collected and analyzed to determine data capacities and calculations needed for an interactive dashboard. In addition, the creation of dashboard functionality was developed to allow users the ability to view and compare FAFSA completion rates by county, district, or for each individual high school. Senior enrollment data was gathered and analyzed by county, school designation, and district from over 400 public high schools in Arizona using data from the Arizona Department of Education and the United States Department of Education. A consultant was hired to assist with creating a Tableau dashboard to organize and calculate the FAFSA data according to the given specifications listed above. Various professional groups in education, school administration, and partner organizations were utilized to test the dashboard functionality in order to ensure that users were able to view and compare FAFSA completion rates for schools represented in the dashboard.

The website and dashboard were launched to the public on September 21, 2018 on the following website: FAFSAChallenge.az.gov. The website and dashboard have proven to be a useful resource for all stakeholders involved with the project.

2.1C The Nationally Recognized College-Readiness Examination (CRE) Pilot Program

Another program designed to enhance Arizona students' college success was assigned to the ACPE through House Bill 2545. The Commission established a one-year pilot program for school districts and charter schools to receive a grant for the administration of a nationally recognized college-readiness examination to eleventh grade students. The Nationally Recognized College-Readiness Examination (CRE) Pilot Program championed by Representative Heather Carter through House Bill 2545. A total of $235,000 was provided for academic year FY 2017-18 for school districts and charter schools to participate in the Pilot Program.

The State Office of Procurement along with the Commission staff established a review committee to develop and issue a Request for Proposal (RFP) for this pilot project. The review committee determined that ACT and College Board's SAT exams were the appropriate nationally-recognized college readiness examinations to be administered. Numerous school districts and charters applied for the grant and within one week available grant funds were exhausted.

The Governor's Senior Education Policy Advisor informed the Commission that Governor Ducey would provide an additional $600,000 to expand the Nationally Recognized College-Readiness Examination Pilot Program in order to support his goals of workforce development and postsecondary achievement. With this additional funding a total of 51 more high schools/charters were included in the Pilot.

In addition to the funds, Helios Education Foundation was recruited by the Governor's Office to partner with the Commission and provide an analysis of the program data, which allowed the public to gain knowledge regarding these tests and the benefits to students. With the combined funds, a total of 81 high schools/charters, were able to participate in the CRE Pilot Program, administering their choice of ACT or SAT to 16,830 eleventh graders in the Spring of 2018.

On November 30, 2018, as requested in HB 2545, the Commission submitted a report developed by Helios Education Foundation and the Commission to the Governor, the President of the Senate and the Speaker of the House of Representatives that summarized the results of the Pilot Program, including the number and amounts of grants distributed to school districts and charter schools, the number of students who took a college-readiness examination, the name of the college-readiness examination and the aggregate achievement of students who took the college-readiness examination. This information is available on the ACPE website.

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

2.2A The Arizona College and Career Guide (ACCG)

The *Arizona College & Career Guide* (ACCG) lists all Arizona public and private postsecondary institutions including proprietary, vocational, and career schools. This document is a one-stop source for information on Arizona postsecondary institutions' accreditations, course offerings, length of study, costs to attend, financial aid programs available, and the institution's website. This publication is widely used by high school counselors, Workforce Connections personnel, college access programs, and the information seeking public. The ACPE has compiled and disseminated this publication since 1975 in print and online.

Emphasis is put on marketing and distributing the ACCG to Title I high schools. In addition to the Title I high schools, GEAR UP, Workforce Connections, Vocational Rehabilitation offices, Tribal Vocational/Education offices, and Correctional Institutions

also receive the *Arizona College and Career Guide* free of charge to use with their students and clients.

The *Arizona College and Career Guide* is used as a promotional tool to inform families of College and Career Goal Arizona programs and the Arizona Family College Savings Program (Arizona 529 Plan), as well as the various Arizona grants administered by the ACPE. In FY 2018, over 600 copies of the ACCG had been distributed and the online version had a total of 2,222 unique visits.

In keeping with today's communication trends, it has been decided that in FY 2019, the *Arizona College and Career Guide* will only be available as a digital publication and will no longer be a printed hard copy.

2.2B AZhighered.gov: Arizona Commission for Postsecondary Education

With the implementation of Drupal as the State's content management platform the www.azhighered.gov website has now become www.highered.az.gov. This website serves as a resource for links to information about educational agencies and institutions, financial aid, college savings programs, and a myriad of local and national resources for parents, students, and the public seeking sources of information regarding higher education. It is the portal through which the public can easily access the information in the ACCG, the Arizona 529 Plan, AMEPAC reports, Arizona grants, and College and Career Goal Arizona programs. Information regarding the Commission, AMEPAC, and Arizona Family College Savings Program Oversight Committee public meetings are also located on this site. The website received 63,588 unique visits during FY 2018.

2.2C AZgrants.gov: One Secure Portal to Access All Arizona Student Grants, Scholarships, Forgivable Loans, and Financial Aid Resources

The AZGrants website is located at www.azgrants.az.gov. This website is an easy to use, single secure portal, for students to access information. Since 2006, there have been 8 different grants and their awards supported by this portal. During FY 2018, the website received 63,199 unique visits.

The portal fills several critical needs:

1. accepts and stores ISIR 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 an interface and communication channel/tool/mechanism, etc. with financial aid staff and academic personnel at 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 and disseminate reports;

7. provides real time data regarding student demographics, performance, success, and behavioral barriers to degree completion.

A recent and important function added to the www.AZGrants.az.gov website has been the use of the secure portal to compile and disseminate FAF$A Finish Line reports to high schools. More information can be found in Section 1.8 and 2.1.B4 regarding the FAF$A Finish Line which is now part of College and Career Goal Arizona.

2.2D Pay4CollegeArizona

Pay4CollegeArizona is now located under the umbrella site, https://collegegoal.az.gov. Pay4CollegeArizona provides accurate and timely resources on how to financially prepare for college using current and relevant information on topics such as scholarships, using credit wisely, how to prevent identity theft, and much more. During FY 2018, this site received 5,516 unique visits.

2.2E College Goal FAF$A

College Goal FAF$A is located under the umbrella site https://collegegoal.az.gov. College Goal FAF$A, provides accurate and timely information related to completing the FAFSA, as well as financial literacy information. This portal provides handouts, marketing materials, and FAFSA training webinars for College Goal FAF$A site coordinators hosting in-person workshops. Also, students and their families, who could not attend an in-person workshop, can find line-by-line instructions on how to complete the FAFSA in addition to other financial literacy handouts, including steps to take after completing the FAFSA. During FY 2018, this site received 9,028 unique visits.

2.2F AZ529.gov: Help for Families Saving for College

The Arizona Family College Savings Program website, www.az529.gov, provides parents, grandparents and families with information regarding college savings plans established by IRS Code Section 529, which includes information specific to the Arizona Family College Savings Program. This website provides help for middle class families as they prepare to bear the costs of college for themselves and/or their children. Here, parents and other family members can learn about tax-advantaged ways to save for a college education.

Especially popular on this website, and also available in print, is the College Savings Planner which provides information on the college costs for different types of colleges and universities, as well as the various forms of financial aid available. The 529 website also provides information on when to begin saving for college, and compares various

tax-advantaged college savings options. In 2018, the Commission continued to build public awareness, encouraging families to visit AZ529.gov to learn more about the Arizona's College Savings Program through a series of radio and television interviews and also at information sharing events throughout the year. The Commission leveraged these information channels to promote financial literacy and the value of saving for college during Financial Literacy Month in April, leading up to 529 Day in May, and to celebrate College Savings Month during October, reaching an estimated 635,000 Arizona residents. This site received 57,926 unique visits between July 2017 and June 2018, averaging almost 5,000 visitors each month. The Arizona 529 Program continues to increase public awareness efforts through organic social media growth and public relations efforts which resulted in 6,725 Facebook followers and 6,848 likes as of June 30, 2018.

2.2G Arizona Minority Education Policy Analysis Center (AMEPAC): Research and Policy Analysis Reports

The Arizona Minority Education Policy Analysis Center website, https://highered.az.gov/amepac, currently showcases the policy analysis studies and current research reports commissioned by AMEPAC and the Commission. These studies and reports can be downloaded from this site. AMEPAC research is discussed under Goal 3. During FY 2018, this site received 5,320 unique visits.

2.2H Leveraging Media: Phoenix Magazine Higher Education Section

The Commission staff seeks ways to promote college going and provide critical information to the public about the opportunities presented through Arizona's higher education system. Each year for the past 14 years, ACPE has provided editorial direction for the *Phoenix Magazine* special higher education section published in the magazine's August edition. This opportunity provides information for families across the state to learn more about higher education by featuring articles about the innovative programs and degrees offered throughout Arizona. *Phoenix Magazine* reaches over an estimated 350,000 monthly total readership.

Goal 3: Provide a forum where all sectors of postsecondary education dialogue, partner, and problem solve issues of mutual interest

The Arizona Commission for Postsecondary Education provides a unique statewide forum where senior level representatives from universities, community colleges, independent colleges, and private training and career colleges assemble to identify mutual opportunities and problems in postsecondary education. In addition to the postsecondary membership, two superintendents of school districts and a CEO of a charter school provide insight about transition into, preparation for, and awareness of postsecondary education opportunities from the K-12 perspective.

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 the segments of Arizona's higher education system 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 opportunities or solve problems identified by the Commission.

3.1 Arizona Minority Education Policy Analysis Center (AMEPAC)

The mission of the Arizona Minority Education Policy Analysis Center (AMEPAC) is to stimulate through studies, statewide discussion, and debate improvement of Arizona minority students' early awareness, access and achievement throughout all sectors of education. AMEPAC is funded through donations from postsecondary institutions and non-profit organizations committed to its mission. Since 1996, AMEPAC has addressed numerous issues affecting minority access to and achievement in higher education. Results of this policy analysis are published (print and web-based) research papers and the initiation of forums or task forces to consider pressing issues related to the mission. Research can be viewed at www.highered.az.gov/amepac

In 2018, AMEPAC continued work toward its strategic plan of conducting policy research and analysis, and promotion of public discourse through its research. AMEPAC published and distributed the 7th Edition of the Arizona Student Minority Progress Report, completed in late June 2018, by Dr. Robert Vagi from the Morison Institute for Public Policy at Arizona State University.

The report provides not only a snapshot of Arizona's educational achievement with the most recent data available in the form of easily identifiable and understandable charts and tables but also includes trend analysis, county data, graduate program data and policy recommendations. Earlier iterations of this study were issued in 2003, 2005, 2007, 2009, 2013, and 2016.

Currently, a developmental education research paper is underway and is being written by Dr. Nicola Richmond from Pima Community College. This research paper will focus on the state of developmental education in Arizona. The report will identify what postsecondary education institutions are doing to address developmental education, what the barriers are to developmental education students, what programs/solutions are having an impact, and the percentage of students who receive an associate's degree, transfer to a 4-year institutions, etc.

3.2 Developing Arizona's Human Capital Conference and Pathways to Education Awards

The most recent Developing Human Capital Conference took place December 7th and 8th at the Orange Tree Resort. The conference began with Michael B. Horn, Co-Founder and Distinguished Fellow of the Clayton Christensen Institute for Disruptive Innovation presenting *Five Futures of Postsecondary Education for Arizona: What has Disruptive Innovation Set in Motion?* Responders to his comments included Dr. Rita Cheng, President Lee Lambert, and Steven Seleznow.

In attendance were 164 policy makers, education, foundation, and business leaders including 5 community college/university presidents, 28 community college/university senior administrators, 6 non-profit presidents/executive directors, 10 non-profit senior administrators, 14 college access professionals, 2 legislators, and 2 CEOs of companies. The overall rating by participants at the conference was 4.4 on a 5 point Likert scale. Topics of interest included student recruitment, student retention, early college transitions, and three things to do now to increase college access and success. The next *Developing Arizona's Human Capital* conference will be held in November of 2019.

3.3 Collaboration and Partnerships which Address Common Opportunities and Problems Across Postsecondary Education

Collaboration and partnerships such as the Achieve60AZ Alliance are a critical component of the work of the Arizona Commission for Postsecondary Education. Shared efforts allow the important agenda of postsecondary education access and success to move forward without duplication and with efficiency. At times the Commission itself identifies issues or barriers for students that warrant investigation. For example, in April of 2014 the lack of student financial aid became such a topic and the Commission formed a Student Financial Aid Task Force calling together key stakeholders. The group met and identified a mission of raising awareness of and support for solutions to financial barriers to postsecondary education access and attainment for low-income students.

This group, led by two Commissioners, Dr. Shouan Pan and Dr. James Rund, met four times and presented a framework for Arizona students financial aid at the November 2015 Developing Arizona's Human Capital conference.

All initiatives led by ACPE staff and Commissioners as described in Goals 2 and 3 rely on partnerships and collaboration both for funding and execution. These initiatives include the Arizona College Application Campaign, College Goal FAF$A Completion Initiative, the Arizona FAF$A Challenge, the Arizona Minority Education Policy Analysis Center, the Developing Arizona's 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, College Goal FAF$A benefits from in-kind assistance received from partners such as the public universities, community colleges, high schools, guidance counselors, Arizona Associate of Student Financial Aid Administrators, and Work Force Connections. These partnerships provided more than 280 financial aid professionals and community members from Arizona's colleges, universities, high schools, non-profit organizations, and members of the Arizona College Access Network (AzCAN) to help families complete the FAFSA.

To meet the goals of the state, the Arizona Commission for Postsecondary Education also supports other Arizona wide initiatives. In FY 2018, the ACPE Executive Director participated on the Expect More Arizona Public Engagement Task Force and Statewide Advisory Council, Thriving Together Work Group, the ACT Statewide Advisory Council, and ADE's Arizona Career Leadership Network.

In 2013, the Commission accepted the leadership role for the Arizona College Application Campaign (AzCAC). In 2014 the ACPE staff took on the FAFSA Data Sharing Project, and also restructured College Goal Sunday into the College Goal FAF$A Completion Initiative with the intention of developing a successful collaboration between the community, Arizona high schools, high school seniors and their families, and postsecondary education institutions across all sectors. The goal of this collaboration is to increase the number of Arizona Seniors who apply for, enroll, and succeed in their postsecondary education goals. In contrast, College Goal FAF$A Community Workshops rely on partnerships with the Arizona Association of Student Financial Aid Administrators and Arizona postsecondary institutions and will aid individuals of all ages to complete the FAFSA at locations across the state.

Progress of ACPE 2017 Performance and Sunset Review

The Office of the Auditor General conducted a performance audit and sunset review of the Arizona Commission for Postsecondary Education. This audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes (A.R.S.) §41-2951 et seq. and resulted in a report published in December of 2017. The audit addressed the Commission's oversight of the Arizona Family College Savings Program (529 program), and the Commission's safeguarding of confidential and sensitive information. It also included responses to the statutory sunset factors.

At the time of the initial follow-up of the December report the implementation status of the 28 audit recommendations (including sub-parts of the recommendations) presented in the performance audit were as follows:

- 5 have been implemented;
- 1 has been implemented in a different manner;
- 11 are in the process of being implemented; and
- 11 have not been implemented.

The findings related to the Arizona Family College Savings Program (AFCSP) are described on page 27. The Auditor General will conduct an 18-month follow-up with the Commission on the status of the recommendations that have not yet been implemented.

The sunset review process provides a system for the legislature to evaluate the need to continue the existence of state agencies. During the sunset review process the House and Senate Committees of Reference meet to receive materials, testimony, and make a recommendation to continue, revise, consolidate, or terminate the agency. The continuation hearing for the ACPE is expected to take place during the first two weeks of the 54th Legislature - First Regular Session and will be reported on in the FY 2019 Annual Report.

Conclusion

This report reflects the FY 2018 outcomes of the strategic plan initiated by ACPE Commissioners. It also outlines the limitations posed due to the budget reductions for achieving the goals and statutory responsibilities.

The goals identified in the strategic plan are (1) maximizing available student financial assistance for students and families; (2) providing support from knowledgeable professionals and accurate and timely information to help students and families enroll, finance, and succeed in postsecondary education, and (3) providing a forum for all 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 when the Governor's Office 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. Since FY 2010, student financial aid has been reduced by $4.2 million. The table below represents the student aid disbursed by the ACPE in FY 2011 through FY 2018.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018
Total Aid Disbursed	$ 3,711,781	$ 3,511,920	$ 4,178,488	$ 3,521,142	$ 2,484,619	$ 2,483,125	$ 2,488,151	$ 2,612,217
% Decrease compared to FY 2008	-51%	-53%	-45%	-53%	-67%	-67%	-67%	-62%

The loss of grant dollars illustrated in the *Historical Review* affects the lives of nearly 20,000 students annually who in previous years would have applied to the ACPE for grants/scholarships and received funding. Evidence of the need for these funds is demonstrated by ACPE closing out FY 2010 with a waiting list of an additional 8,799

students who applied for funds and received none. Commissioners and staff are hopeful that the Private Postsecondary Education Grant (PPEG) amended language recently passed and will be funded in the near future.

In contrast, the Arizona Family College (529) Savings Plan 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. Moreover, the program includes attractive conservative FDIC insured investment options, as well as mutual funds offering open architecture or multi-firm portfolios. As of June 30, 2018, total AUM increased just over $130 million to $1,323,374,808 compared to the $1,193,343,518 under management on June 30, 2017.

Under Goal 2, the Commission implements strategies to help students and their families enroll, finance, and succeed in postsecondary education. By coordinating the College Goal FAF$A Completion Initiative, leading the Arizona College Application Campaign, and introducing to Arizona the value of the College FAF$A Finish Line reports, the Commission seeks to provide knowledgeable adult professionals at critical transition points to guide vulnerable prospective students through the transition into postsecondary education. In addition, the Governor's FAF$A Challenge is designed to increase the number of completed FAFSAs statewide and links this to an educated workforce through the Achieve60AZ Alliance. Likewise, the Commission provides relevant and timely print and web-based information free of charge to Arizona families. Printed documents are supplied to more than 1,000 schools, communities, and college access programs annually and 217,791 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 promotes dialogue and identification of common issues among all sectors of higher education. The Commission seeks venues to spawn dialogue, partnerships, and solutions to issues of mutual interest across sectors of postsecondary education. These goals are supported through policy analysis and research, collaborative action led by ACPE staff, and collaborative participation in college access initiatives which are offered by foundations, government, businesses, or non-profit entities with similar goals.

Two Decision Packages have been submitted by the Commission with the FY 2020 Budget Request. Both are designed to advance educational equity and to diminish the achievement gap experienced by low-income and minority students.

Issue 1: Arizona Teacher Student Loan Program (Formerly the Math, Science, and Special Education Teacher Loan Forgiveness Program) – $312,400

- Attracting quality students into teaching preparation programs who will take on the mission of service in order to repay their loan obligation through teaching in high-need subject areas (math, science, and special education) or teaching in low-income, rural or tribal schools.

Issue 2: Migrations of Agency Computer and Telephonic Services to ADOA-ASET and AZNET

- Shared expense approach to pay for the 152% increase of IT costs through general funds assistance with one-time Migration/Equipment charge of $8,721 (one half of $17,442 one-time expenses) and an
- On-going appropriation for administration, support, and security measures for IT and AZNET Services of $16,436 (one-half of $32,871 increase)

The Arizona Commission for Postsecondary Education has identified a mission of *expanding access and increasing success in postsecondary education for Arizonans*. It is with focus and energy that the Commission and staff endeavor to fulfill this mission and achieve these goals which will assist the state and Governor Ducey to move forward with his priorities of equal access to education, growing the economy, elimination of the low-income and minority student achievement gap, and opportunity for all.