

ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION

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

ANNUAL REPORT

FISCAL YEAR 2014



Arizona Commission for Postsecondary Education

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December 28, 2014

The Honorable Janice K. Brewer, Governor
The Honorable Ken Bennett, Secretary of State
The Honorable Andy Biggs, President of the Senate
The Honorable Andy Tobin, Speaker of the House of Representatives
Mr. Vincent Alascia, State Documents Librarian, AZ Library, Archives, & Public Records

I respectfully submit the enclosed FY 2014 annual report on behalf of the Arizona Commission for Postsecondary Education (ACPE). Through a planning process the 16 Commissioners identified an agency mission of *expanding access and increasing success in postsecondary education for Arizonans*.

FY 2014 brought continuing financial challenges and additional opportunities to the ACPE. Challenges faced by the Commission include a continued 78% 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 grants/scholarships. This report depicts these losses and their consequences.

In contrast, the Arizona Family College Savings (529) Program has experienced consistent and steady growth. The growth is partially due to a modest state income tax deduction initiated in 2008 and increased in 2012. As of June 30, 2014 the AFSCP held more than \$951M in assets and more than 73,000 accounts were in place to pay for college expenses. As Arizona's Qualified Tuition Program (QTP) the Arizona Family College Savings is an important program that helps families prepare for college expenses.

The report also describes how the Commission is working to build a statewide network of high schools committed to a college-going culture through the leadership and integration of three Commission initiatives: 1) the Arizona College Application Campaign, 2) College Goal Sunday Financial Literacy Program, 3) the Free Application for Federal Student Aid (FAFSA) Completion Project.

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 2014 more than 153,563 unique visits were made to ACPE websites. In addition, the ACPE 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*.

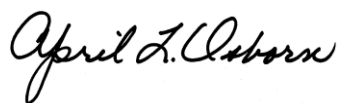
Each of these Commission programs, initiatives, and publications represent collaborative efforts. They are examples of leveraging the funding and impact of this small agency in order to provide additional tools to assist Arizona's students and families succeed in postsecondary education.

Decision Packages have been submitted by the Commission with the FY 2016 Budget Request to address or fund several important opportunities including:

- eliminate inequitable repayment requirements for former Postsecondary Education Grant (PEG) recipients who have not achieved a bachelor's degree by FY 2014,
- access to a small amount of funds remaining in a suspended grant (under \$30,000) to complete the tasks necessary to eliminate repayments for students and terminate the program,
- expanding the successful Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) Program in order to address Arizona's teacher shortage in high need subject areas,
- fund software development, support for a secure web portal, and staff time to successfully undertake an Arizona Free Application for Federal Student Aid (FAFSA) Completion Initiative,
- re-establish and reinstate funding, at reduced levels, for the Private Postsecondary Student Financial Assistance Program (PFAP) and the Postsecondary Education Grant (PEG).

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

Respectfully Submitted,



Dr. April L. Osborn, Executive Director

cc: Reed Spangler, Senate Education Research Analyst
Rebecca Perrera, JLBC Fiscal Analyst
Brandon Nee, OSPB Budget Analyst
Jeanine Jones, House Education Committee Research Analyst

The Arizona Commission for Postsecondary Education (ACPE) FY 2014 Annual Report

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

Submitted December 28, 2014
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 six staff members in order to increase productivity and impact in the areas of its statutory authority. The mission and goals were 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 support 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 five years by the reduction of over \$6M in state 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) and Private Postsecondary Education Assistance Programs (PFAP) in 2011;
- establishment of the Early Graduation Scholarship Grant in 2008, and its suspension in 2011;
- 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 College Access Challenge Last Stretch Scholarship in 2011, as well as infrastructure funding to establish the Arizona College Access Network.

The following “Historical Review of Student Aid Programs” table shows that \$3.5M of the Commission budget in FY 2014 represented flow-through funds dedicated to student grants and scholarships. In contrast, in FY 2008 the student financial assistance dollars were nearly \$7.5M million. This table reflects additional ACPE budget reductions in student grant/scholarship programs over the past five years. The final column reflects the projected financial assistance funding available for students in FY 2015. This projection reveals a distressingly meager amount of state aid for students if the FY 2016 ACPE Decision Package requests for reinstatement of funding and staff for PFAP, PEG, and MSSE programs are not granted.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2010	2011	2012	2013	2014	2015
Total Aid Disbursed	\$6,825,388	\$3,711,781	\$3,511,920	\$4,178,488	\$3,521,142	\$2,477,900
% Decrease compared to FY 2010		-46%	-49%	-39%	-48%	-63%

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. In FY 2011 the funding for the Postsecondary Education Grant (PEG), the Private Postsecondary Financial Assistance Program (PFAP), and the Early Graduation Scholarship was eliminated and the programs were placed on suspension. 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 for this year and going forward when the state is focused on doubling the number of baccalaureate degrees by 2020. Today’s Arizona 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 37 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 include information regarding student reported behavioral barriers to continuing their education.

There was a great deal of Commission activity in 2014 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 are complimentary to 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:

- coordination of the Arizona College Application Campaign at the request of the public universities and a Statewide Advisory Committee;
- the ACPE was designated to lead the Free Application for Federal Student Aid (FAFSA) Completion Initiative in FY 2014 and planning is underway; and
- hosting and support of the newly established Arizona College Access Network (AzCAN) at the request of the Governor's Office of Education Innovation in FY 2011.

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

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

Critical to the success of the Arizona Commission for Postsecondary Education is the expertise and advice from the 16 appointed Commissioners. The current roster of the Commissioners and Commission staff follows.

Commissioners 2013 – 2014

Arizona Commission for Postsecondary Education

Commissioners

Susan Ciardullo

Regional Director
West Coast Ultrasound Institute

Dr. Eldon Hastings

Founding Director
American Institute of Dental Assisting

Michael Hawksworth, Commission Chair

President/CEO
MSS Technologies, INC

Jody Johnson

Superintendent
Pointe Schools

Dr. Michael Kearns

President
Mohave Community Colleges

Eileen Klein

Board President
Arizona Board of Regents

Catherine Koluch

President/Founder
The Studio Academy of Beauty

Teena Olszewski

Executive Director of Arizona GEAR UP
Northern Arizona University

Dr. Shouan Pan

Campus President
Mesa Community College

Dr. James Rund

Senior VP, Educational Outreach & Student Affairs
Arizona State University

Gary Schleuger

VP Government Affairs & Assistant General
Counsel
Universal Technical Institute, Inc.

Teri Stanfill

Executive Director
Arizona Board for Private Postsecondary Education

Dr. Manuel Valenzuela

Superintendent
Sahuarita Unified Schools

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

Lisa Ann Sepulveda

Office & Program Manager

Judi Sloan

Office & Communications Coordinator

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

Core responsibilities of the ACPE are related to postsecondary student financial assistance programs. The Commission has been administering student financial aid programs for Arizona since 1972. Named the entity representing Arizona in the National Association of State Student Grant and Aid Programs (NASSGAP), the ACPE has disbursed funds to students attending more than 100 public and private colleges and universities, community colleges, and vocational schools over the last 5 years.

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

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

- 1) Private Postsecondary Education Student Financial Assistance Program (PFAP), suspended in 2010, amounts varied up to \$800,000/year;
- 2) Postsecondary Education Grant (PEG), suspended in 2010, amounts varied up to \$5M/year;
- 2A) Special Postsecondary Education Grant, \$540,000 designed to meet Maintenance of Effort (MOE) requirements, eliminated in 2014;
- 3) Early Graduation Scholarship Grant, suspended in 2010, amounts varied up to \$4.8/year;
- 4) College Access Challenge Grant financial assistance programs titled (a) Arizona College Access Aid Program and (b) the College Access Challenge Last Stretch Scholarship, \$1.1M/year, eliminated in 2014;
- 5) Arizona Leveraging Educational Assistance Partnership (AzLEAP), \$2.3M;
- 5A) Leveraging Educational Assistance Partnership (LEAP), federal match terminated in 2012, amounts of approximately \$500,000/year;
- 5B) Special Leveraging Educational Assistance Partnership (SLEAP), terminated in 2012, amounts varied generally over \$600,000/year;
- 6) Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program, currently \$176,000/year;
- 7) PFAP, PEG, MSSE, ATIP, PDTS student forgivable loan repayment programs;
- 8) AZ Grants Single Student Financial Assistance Web Portal; and
- 9) The Arizona Family College Savings (529) Program.

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

Funding for the Private Postsecondary Financial Assistance Program (PFAP), the Postsecondary Education Grant (PEG), and the Early Graduation Scholarship (EGSG) was eliminated in 2010 and these programs remain on suspension. Additionally, the Special Postsecondary Education Grant (Special PEG) and the College Access Challenge Last Stretch Scholarship (CAC Last Stretch) were eliminated in 2014. PFAP, PEG and Special PEG programs were successful and designed to achieve important outcomes including (1) strengthening the private sector of postsecondary education in Arizona, (2) reducing the tax burden of Arizona higher education by incentivizing students to attend private institutions, and (3) providing financial aid to adult students (the average age of PFAP recipients was 31, 28 for PEG, and 32 years of age for Special PEG) to increase persistence and motivation to complete a baccalaureate degree. The Early Graduation Scholarship Grant (EGSG) was designed to encourage Arizona high school students to graduate early with a financial incentive to enroll in a postsecondary institution and funded through shared revenue with high schools. The College Access Challenge Last Stretch Scholarship (CAC Last Stretch) was designed to foster partnerships among federal, state and local government entities and philanthropic organizations to significantly increase the number of underrepresented students in postsecondary education. The Commission is not requesting reinstatement of funding to the EGSG program; but is requesting reinstatement of \$500,000 and one FTE for PEG, and \$300,000 and one-half of an FTE for PFAP in its FY 2016 Decision Package.

On the positive side, the Governor’s Office provided student scholarships through the second cycle of federal formula-based College Access Challenge Grant (CACG). The ACPE administered more than \$1M in student scholarships to low-income students with 60 or more credit hours to sustain their attendance for the final years of degree preparation. Unfortunately, FY 2014 was the last year of funding for the Last Stretch Scholarship due to the denial of Governor Brewer’s request for an Arizona Maintenance of Effort (MOE) waiver for the Arizona College Access Challenge Grant.

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

The Commission has just completed its second full year of administration of the Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE). Established in FY 2007, this program was transferred to the Commission in FY 2012. In addition to verification of eligibility and fund disbursement, responsibilities also include

loan administration, borrower service tracking, and loan repayment servicing. Unfortunately, funding for the program was reduced from \$2M to \$176,000, drastically limiting the number of students served by this popular forgivable loan for teachers-in-training. Thus, the ACPE requests one FTE and an additional \$500,000 in its FY 2016 Decision Package.

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

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

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

More than 1,600 students have benefited from the PFAP Program since its inception representing an 85% graduation rate; however, after several years of repeated reductions, in FY 2011 the Private Postsecondary Education Student Financial Assistance Program (PFAP) was placed on suspension. The Commission continues to focus on the more than 200 promissory note holders who were reported as not enrolled or attending the institution on file at the time of their last disbursement. Information on PFAP repayments can be found in section 1.7 titled *Student Forgivable Loan Repayment Programs*.

The ACPE has requested reinstatement of PFAP funding to \$300,000 and 0.5 FTE in their Decision Package in the FY 2016 budget request. Additionally, the Commission has proposed language to allow the use of the small amount of collected PFAP dollars in the Private Postsecondary Education Voucher fund to assist in suspending the Postsecondary Education Grant (PEG) repayment requirements for borrowers and archiving the student loan data.

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

The Postsecondary Education Grant (PEG) program, created in the 2006 legislative session, is 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 is \$2,000 per year for up to four academic years (eight semesters/terms). These funds must be used for tuition, books and fee expenses. Students must obtain a bachelor's degree within five years after the first PEG disbursement. Should a student not obtain a bachelor's degree within five years or is not enrolled for a period greater than twelve months, the grant will then become a loan and the student will enter into a repayment program.

The PEG program was patterned after the successful student-centered Private Postsecondary Education Student Financial Assistance (PFAP) program. Goals for the PEG program include: (1) strengthening the private higher education sector, (2) providing cost savings to the State by encouraging residents to attend private colleges and universities instead of publicly 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.

More than 4,000 recipients benefited from the PEG program during its short existence (FY 2006 – FY 2010). The Commission has confirmed that over 2,300 recipients have already graduated from a private college or university and had their loan forgiven. Unfortunately, the PEG program was suspended in FY 2011. The abrupt and unexpected loss of these funds due to the recession suggest there will be higher rates of dropouts and more students requiring additional time to achieve degree completion. According to the promissory note, dropping out or missing the required graduation date would initiate a student's obligation to repay all funds received. It should be remembered that not only was the State experiencing a deep recession but also these students were suffering under the same circumstances. The disruption of funding may have been the cause of a lack of progress toward a baccalaureate degree.

Additionally, no administrative funds have been provided for this program since FY 2010; yet responsibilities of the Commission staff for this program require numerous steps and many hours of staff time. Steps include contacting the institution that students attended when they received the PEG loan; inquiry of staff to review records to determine if the student graduated from that institution; locating the student using a professional tracking firm to provide contact information; communicating with students regarding repayment status; and establishing a repayment plan. Monitoring of payments would be required for 10 to 15 years.

The Commission has proposed in the Justification for Proposed Funding Issues for FY 2016 the elimination of the repayment requirements for borrowers and the monitoring requirements by the Commission for the recipients of the suspended program. Additionally, the Commission has proposed language to allow the use of the small amount of dollars in the Private Postsecondary Education Voucher fund to assist in

suspending the PEG repayment requirements for borrowers and archiving the student loan data.

The PEG program was an important state student financial aid program. This innovative program was designed to provide accountability and also act as an incentive for students to persist to a degree in a private college or university, thus saving the taxpayers money. Ironically, the loss of this program occurred at a time when Arizona is focused on doubling the number of college graduates by 2020. This goal cannot be achieved without a significant increase in the number of adult students (25 and older) who earn a degree. According to 2010 Census data, only 35.5% of Arizona's 3.3 million adults have attained at least a two year degree. This is lower than the national average of 39.3%. Additionally, Arizona has a higher proportion of adults who have completed some college coursework but did not persist to a college degree. The PEG program was one of the few student aid programs that serve this particular population.

Three scenarios are posed for the PEG Program. First, the Commission has requested the restoration of \$500,000 to provide grants for students and to administer the PEG program. Funding the PEG program at the requested level has the potential to award over 150 grants, assisting students in achieving their goal of a bachelor's degree at a private postsecondary institution each year. Likewise, with PEG administrative funding, repayment collection could take place. Second, refunding through general funds is not possible, students left abruptly without funds in FY 2011 have their financial obligations eliminated and student monitoring requirements are removed from the Commission. Third, no action is taken and the Commission is faced with administration of a forgivable loan with no ability to accomplish the task and students whose funding was cut off will live with the expectation of a collection agency contacting them for repayment.

1.2A Special Postsecondary Education Grant (SPEG), A Forgivable Loan - Eliminated

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 was \$2,000 per year for up to two academic years. Funds must be used for tuition, books and fee expenses. Should a student not obtain a bachelor's degree within three years or not enroll, at least half-time, for a period of time greater than twelve months, the grant becomes a loan that the student must repay.

Special PEG was patterned after the successful non-federal, student-centered, non-need based Postsecondary Education Grant (PEG) program (currently on moratorium), with two modifications: students must complete their first baccalaureate degree within three years from the initial disbursement and preference for an award will be given to junior or senior students having completed at least 60 college credit hours.

It is important to note that with the addition of Special PEG, the ACPE responsibilities for tracking and collection of loans increased. The ACPE is required to verify student enrollment yearly to ensure that the students are continuously enrolled at least half-time and do not enter repayment status. In FY 2016, the ACPE will be required to contact those students who did not achieve a bachelor's degree and have an obligation to repay the loan.

FY 2014 was the final year of funding for Special PEG. Unfortunately, due to the FY 2015 K-12 Education Budget Reconciliation Bill which required the Commission to transfer \$546,800 into the Technology-Based Language Development and Literacy Intervention Fund the ACPE could not fund the final year of Special PEG. The ACPE received over 1,700 applications and could have awarded approximately 300 students with these funds.

Additionally, with the suspension of Postsecondary Education Grant (PEG), the Private Postsecondary Education Student Assistance (PFAP) programs and the ending of the Special PEG program, Arizona students attending private postsecondary institutions lose the three funding sources exclusively available to them outside of federal financial aid. The ACPE has requested reinstatement of PEG and PFAP as a Decision Package in the FY 2016 Budget request.

1.4 College Access Challenge Grant Last Stretch Scholarship - Eliminated

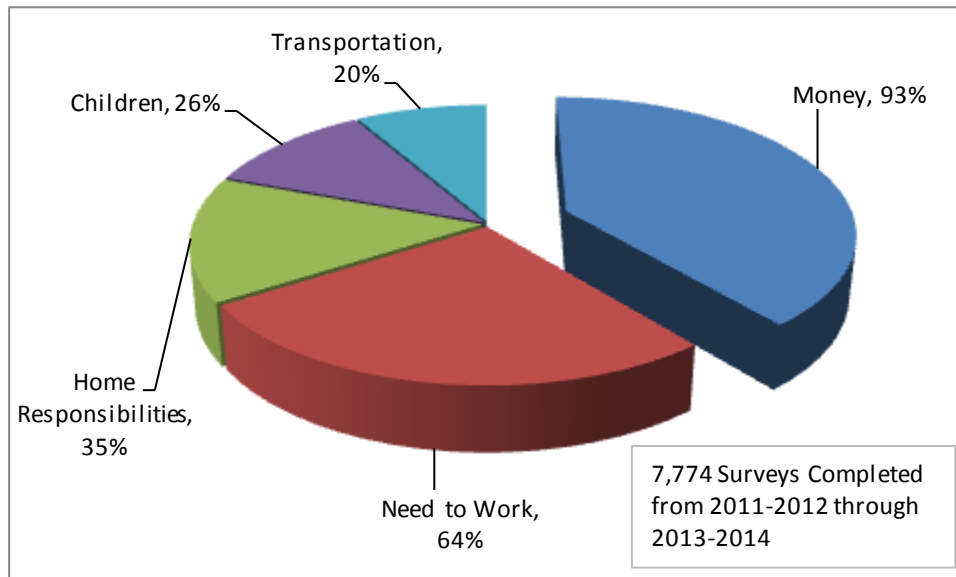
The College Access Challenge Grant (CACG) program is a formula grant that is designed to foster partnerships among federal, state and local government entities and philanthropic organizations to significantly increase the number of underrepresented students in postsecondary education.

A second cycle of the federal CACG with a five year renewal potential, was secured for Arizona students and provided a new opportunity for student financial assistance in FY 2012. FY 2014 represents the third year in the second cycle.

The ACPE administered a survey to applicants in order to gain an understanding of the barriers that exist for students to persist through degree completion and the factors that cause students to leave college. The survey was administered to 6,158 applicants. When reviewing the data, the following items were of note. First, the majority (93%) of surveys reported that money was the largest life factor that would impact a student's ability to continue their education.

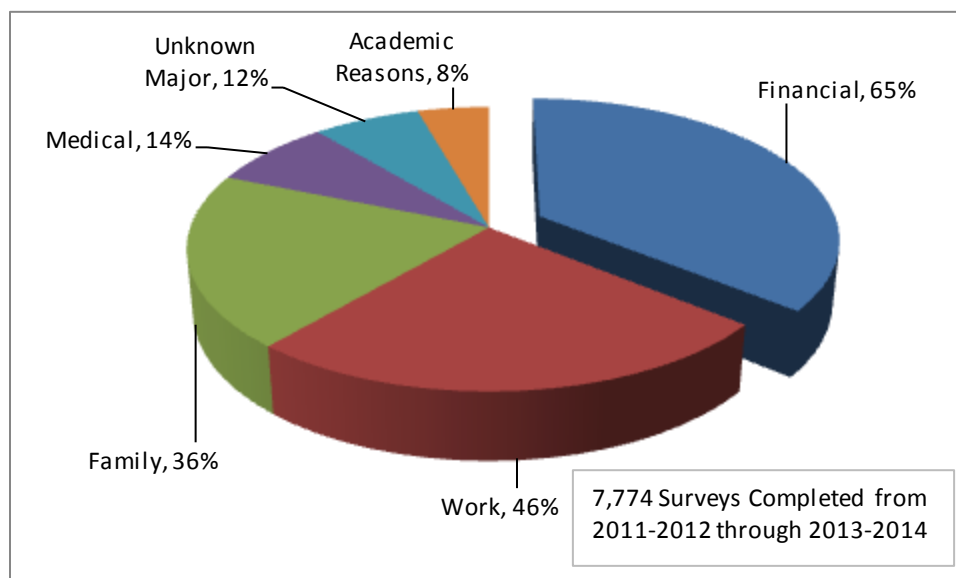
The pie chart on the following page illustrates the various life factors affecting the ability of the 6,158 College Access Challenge Last Stretch Scholarship applicants to continue their education and the corresponding percentage.

Distribution of CAC Last Stretch Scholarship Applicants Life Factors Affecting Students' Ability to Continue their Education in FY 2012 through FY 2014



Second, applicants were asked if they had been continuously enrolled without a stop in enrollment. Those who discontinued college were asked what barriers or factors they felt caused them to stop their enrollment. Almost 29% percent of the surveys reported that students had not been continuously enrolled and of those who stopped out, 65% reported that financial reasons were the principal cause for leaving.

Distribution of CAC Last Stretch Scholarship Applicants Not Enrolled Continuously in FY 2012 through FY 2014



Over the three fiscal years students have clearly indicated that money is the largest hurdle they must overcome to continue their education. Remarkably, a majority (90%)

of the surveys still indicated that students are strongly dedicated to finishing their education regardless of any obstacles. Furthermore, the ability to increase the baccalaureate degree completion rates of low-income students is significant in helping the State reach the Governor's plan of doubling the number of bachelor's degrees by 2020 and in doing so helps the State train students to become leaders with advanced knowledge and skills.

The Arizona Commission for Postsecondary Education (ACPE) was asked by the Governor's Office to administer a total of \$3.3M in the College Access Challenge Last Stretch Scholarship from FY 2012 through FY 2014, \$1.1M each fiscal year.

The CAC Last Stretch Scholarship was patterned after the successful Texas initiative. Three specific goals were developed: (1) increase retention of low-income students; (2) increase baccalaureate degree completion rates of low-income students; and (3) provide a report on the outcomes of the College Access Challenge Last Stretch Scholarship to policy makers.

The CAC Last Stretch Scholarship program is a need-based scholarship and 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 must 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.

Through the ACPE, the Governor's Office reached and impacted 1,357 student lives with close to 1,800 scholarships disbursed to students over the three fiscal years. This much needed financial assistance has helped students pursue and complete their postsecondary education.

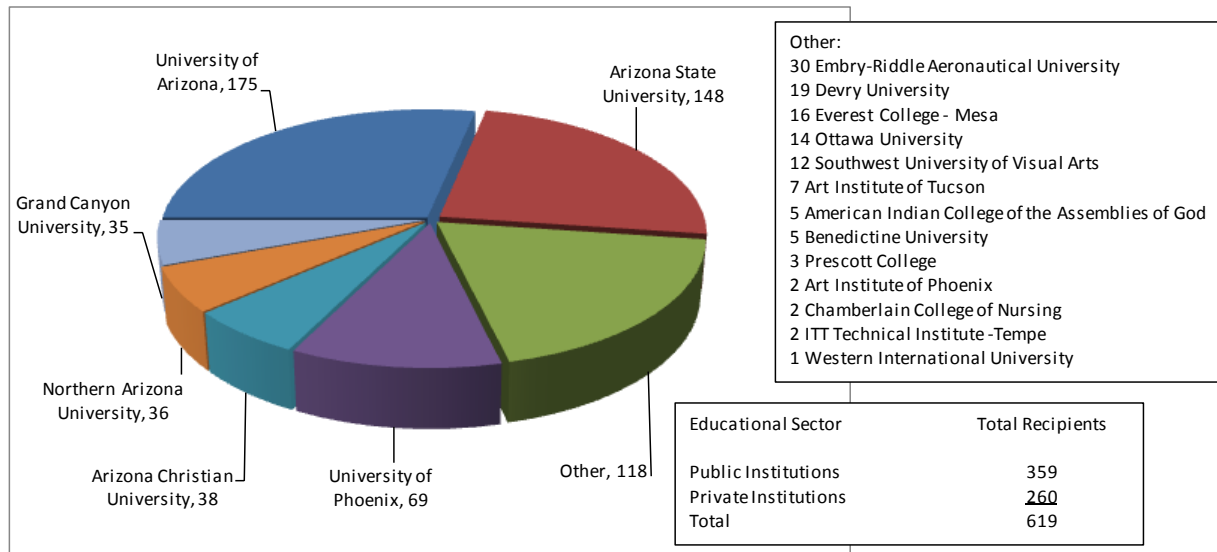
All funding was exhausted in the scholarship program for the 2013-14 academic year. One half of the available program funds were awarded to eligible students seeking a bachelor's degree in any program of study. The other half were awarded to students enrolled in a STEM Program (Science, Technology, Engineering and Math). In the 2013-14 academic year, 619 students benefited from this scholarship program.

Description of CAC Last Stretch Scholarship Recipients in FY 2014

Total Recipients	Students on Waiting List	Total Disbursement	Average Age of Recipients	Dependent Recipients	Independent Recipients	Recipients w/Income Less than \$19,999	Recipients w/Income Between \$20,000 & \$39,999	Recipients w/Income Over \$40,000
619	2,376	\$1,034,000	29	206	413	325	167	127

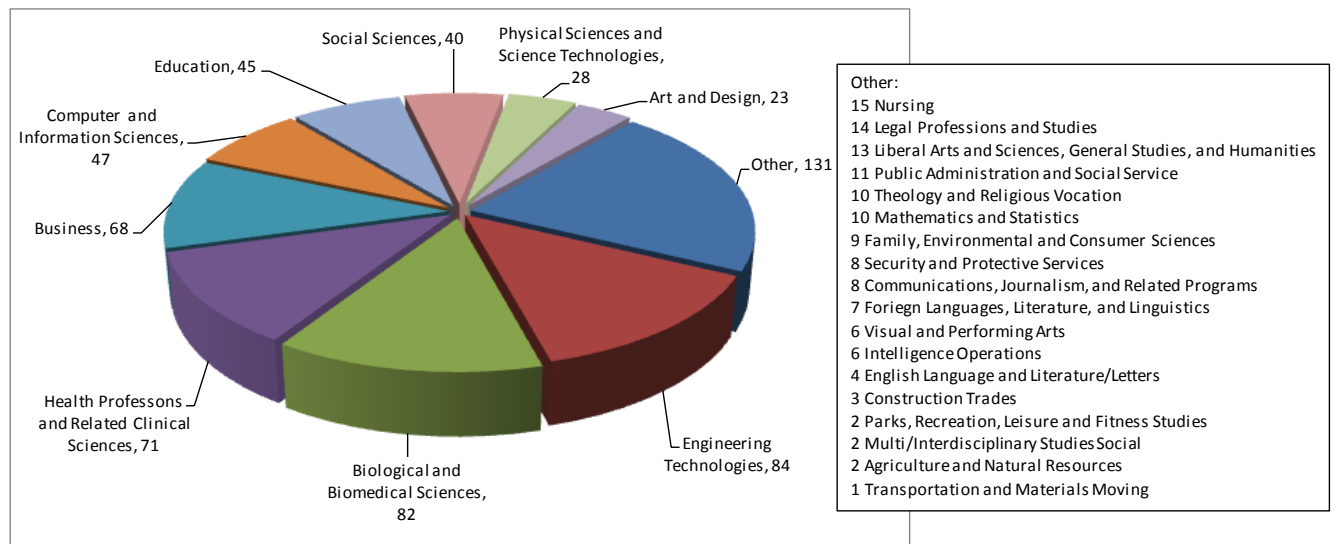
The table on the previous page illustrates that 79% of the recipients had an annual income of less than \$40,000 and 53% had income levels less than \$20,000, proving that the scholarship funds did in fact reach the intended target demographic of low-income students. Also of interest is that 51% of recipients are older than twenty-five with the average age being twenty-nine. This indicates that a large number of non-traditional students are receiving these scholarship funds. In addition, 1,820 first generation students applied for the scholarship in FY 2014. Furthermore, the year ended with a student waiting list almost four times greater than those awarded, demonstrating the great need of financial assistance for Arizona’s low-income students.

Distribution of CAC Last Stretch Scholarship Recipients by Institutions in FY 2014



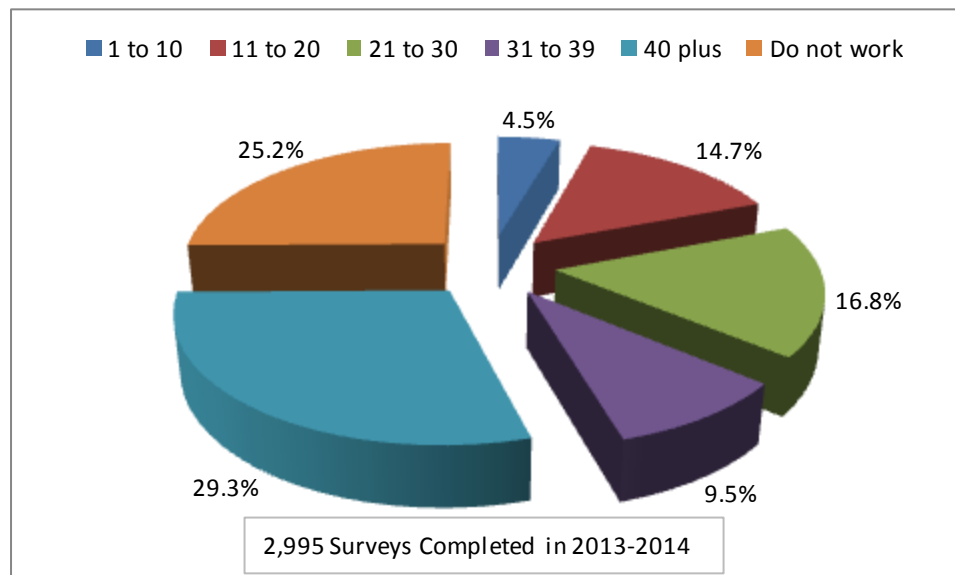
The pie chart above, illustrates the institutions the CAC Last Stretch Scholarship recipients attended. Institutional distribution of awards in 2013-14 resulted in the following distribution percentages: 58% to public institutions and 42% to private institutions.

Distribution of CAC Last Stretch Scholarship Recipients by Degree Program in FY 2014



As evidenced by the chart above, the most popular programs are Engineering Technologies, Biological and Biomedical Sciences, Health Professions and Related Clinical Sciences, Business, Computer and Information Sciences, and Education. The two most popular programs were related to STEM (Science, Technology, Engineering, and Math). These programs are important because they assist students in becoming the next generation of innovators within the STEM fields.

Distribution of CAC Last Stretch Scholarship Applicants by Hours per Week of Work in FY 2014



The pie chart above, illustrates the hours a CAC Last Stretch Scholarship applicant worked per week. Over half the applicants worked more than 20 hours per week, with 29.3% of applicants working more than 40 hours per week.

Additionally, the staff sent multiple correspondences to recipients regarding the availability of the scholarship and worked with numerous institutions to notify students who met the minimum qualifications. The outcome of these communications can be seen in the 205 students who received a scholarship in the prior year also received funding in the current year.

The Commissioners deem it important to retain low-income students, since students who withdraw or dropout negatively impact themselves and the State. Some results of students withdrawing are: students lose future potential, institutions lose revenue and the possibility of making a difference for their students, and the State loses an educated individual who is able to compete in today's global market.

Unfortunately, FY 2014 will be the last year of funding for the Last Stretch Scholarship due to the denial of Governor Brewer's request for an Arizona Maintenance of Effort (MOE) waiver for the Arizona College Access Challenge Grant. These financial aid dollars affected numerous low-income student lives in Arizona and the loss of these funds greatly impacts future students. Ninety-three percent of students surveyed reported that money was the largest life factor in continuing their education and 64% reported that they needed to work in order to continue their education.

Additionally, the importance of financial aid programs like the CAC Last Stretch Scholarship program is witnessed by a waiting list which is more than 3.5 times greater than the number of low-income students who received the scholarship. The ACPE regrets the loss of this program.

1.5 Arizona Leveraging Educational Assistance Partnership (AzLEAP)

The Leveraging Educational Assistance Partnership (LEAP) has been in existence in 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 as 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 more than twice. This occurred by requiring each institution to match the state funds in order to participate in the Arizona LEAP program. The Arizona Commission for Postsecondary Education has administered the program, ensuring adherence to all federal regulations and the Arizona Administrative Code.

The Commission was notified in the spring of 2011 that the federal grant funding for LEAP and the companion grant SLEAP was 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 taken out of the institutional match. Therefore, the program was 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 2014 was the third year the Commission administered the restructured AzLEAP program. Private and public higher education institutions applied to the ACPE and the ACPE certified institutional eligibility and determined a proportional distribution of funds (based on the number of Arizona resident students) to institutions. AzLEAP recipients were selected by the institutions on the basis of financial need established through federal methodology and state administrative rules. At the end of the fiscal year the institutions provided reports to the Commission on the students awarded. The Commission reviewed the students awarded to assure compliance.

In FY 2014, three thousand ninety five (3,095) Arizona Leveraging Educational Assistance Partnership (AzLEAP) awards were provided through 41 postsecondary institutions totaling over \$2.3 million in leveraged financial aid (state and institutional) to low-income students.

The table below provides a description for those who received awards in FY 2014.

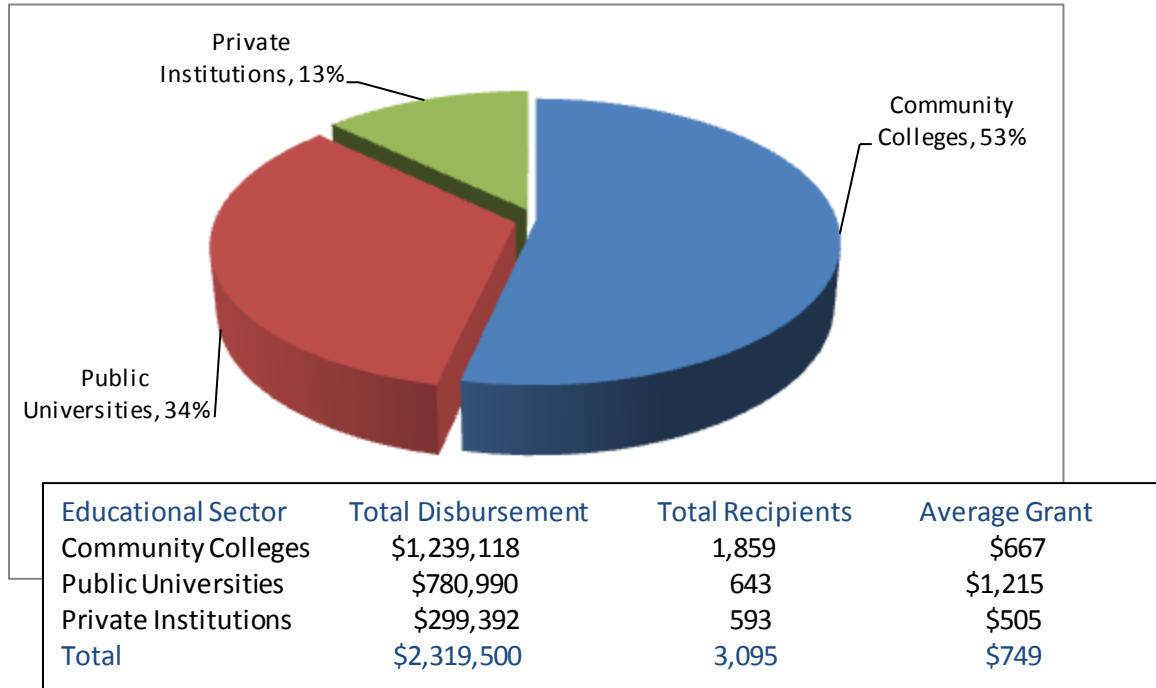
Description of AzLEAP Recipients in FY 2014

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
3,095	\$2,319,500	1,091	2,004	1,854	800	441

It is important to note that 86% of the recipients had incomes below \$40,000 with over half of the total recipients reporting incomes under \$20,000. The percentage of students whose incomes reported were less than \$19,999 slightly increased compared to the last academic year, illustrating the need is still present for this financial aid program.

Institutional distribution of AzLEAP awards in FY 2014 resulted in the following distribution percentages: 34% to public universities, 53% to community colleges and 13% to private institutions as illustrated in the pie chart on the following page.

Distribution of AzLEAP Recipients by Institution in FY
2014



Annual AzLEAP administration performance measures were collected through surveys from institutional financial aid administrators and reviewed by ACPE staff. Based on the 2013-14 surveys, 97% 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 pleased to be able to partner with the participating institutions to offer this much needed aid to low-income students.

1.6 Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE)

The Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE) was created in 2007. This student-centered, need-based forgivable loan was designed to increase the number of math, science and special education teachers in the public K-12 system in Arizona by financially supporting and encouraging Arizona resident college students to pursue a teaching career in these identified high need fields and to remain in the state after graduation.

Forgivable loans are granted to eligible junior or senior students attending a qualifying public university or private college/university in the state to help defray the cost of tuition, fees and instructional materials. 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 participate in the loan forgiveness program, students must sign a promissory note each year agreeing to teach in select subject areas (math, science, special education, or elementary education in a geographic area in the state experiencing a shortage of teachers) in a public K-12 school in Arizona for the number of years they received the loan funding plus one year. Students who do not meet the forgiveness criteria must repay the loan funds plus any interest.

In FY 2014 twenty-nine MSSE loans were disbursed, 7 loans to first time recipients and 22 loans to continuing recipients. The loan recipients attended both public and private postsecondary institutions for a total disbursement of \$164,642.

The table below provides a student profile for those who received loans in FY 2014.

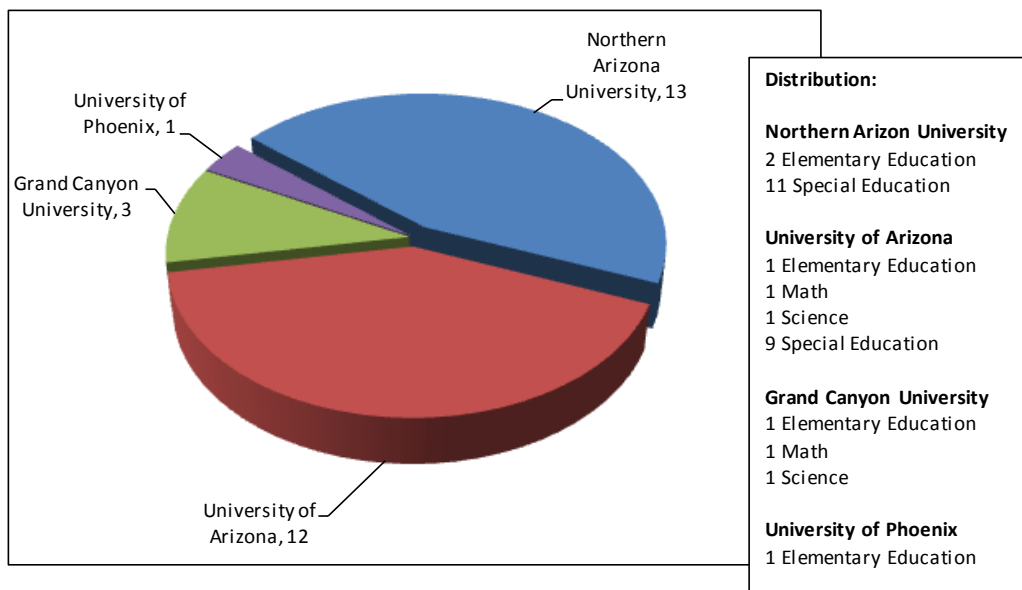
MSSE FY 2014 Student Profile

Total Applicants	Total Recipients	Total Disbursement	Average Loan Amount	Average Age of Recipients	Initial Recipients	Continuing Recipients
37	29	\$164,642	\$5,677	29	7	22

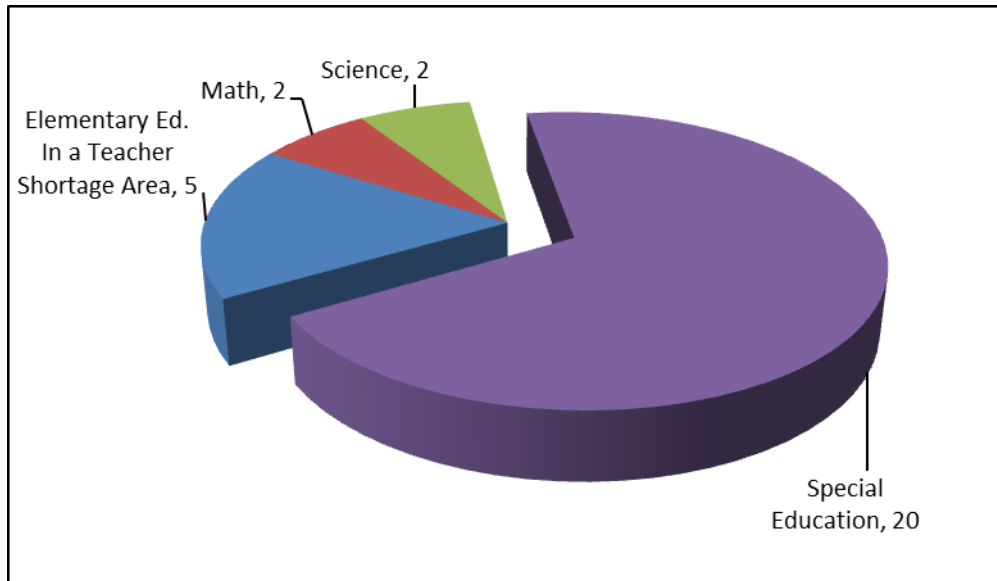
The difference between the total applicants and the total recipients is comprised of three applicants who did not meet program requirements and five applicants not awarded due to the lack of funds.

The following pie charts represent a breakout of the institutions the 29 loan recipients attended and the recipient's degree programs.

Recipients by Institution



Recipients by Degree Program



Status of Recipients in MSSE Program from Inception Through FY 2014

Tracking responsibilities are significant for the MSSE Program as each loan recipient is required to be tracked between seven to eleven years. For students who enter into repayment, the relationship can increase to 15 years. With the conclusion of FY 2014, 236 students have participated in the MSSE Program since inception in 2007. Below is a listing of the current status of the recipients.

- 24 are still enrolled in a postsecondary institution
- 14 are in their twelve month grace period (allowed by statute)
- 37 are currently teaching in a public K-12 school in Arizona
- 114 have had their loan forgiven for completing their teaching service and are teaching in Arizona
- 2 have had their loan forgiven for completing their teaching service and are no longer teaching in Arizona
- 39 are currently in repayment
- 5 have paid their loan balance in full
- 1 is currently in deferment

In FY 2014 the Commission received one request for a good cause exception to student loan repayments; which was granted. The Commission will continue collecting the five year teacher retention data for the 116 individuals whose loans have been forgiven through teaching.

The Commission staff believes the MSSE program provides a vehicle to shape student choices in order to meet Arizona's needs in teacher shortage areas. Additionally, the Commissioners and staff are enthused to provide financial aid to this cadre of teachers who are critical to the success of Arizona's College and Career Ready Standards and Arizona's focus on Science, Technology, Engineering and Math (STEM) programs.

Unfortunately, the current level of appropriations for the MSSE program will not solve the shortage nor is it sufficient to support the Arizona Ready Education Reform Plan goals. Therefore, the Commission has requested the increase of \$500,000 to total \$676,000 in FY 2016 for the MSSE program. Increased funding will allow 60-70 continuing students, with 20% being newly accepted each year, to be supported through three years of their teaching education.

The Commissioners and staff look forward to helping increase the number of teachers in Arizona. The increase in funding for this program will aid the State in meeting both the goals of the Arizona Ready Education Reform Plan and Arizona's College and Career Ready Standards.

1.7 Student Forgivable Loan Repayment Programs

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

The Office of the Attorney General is used by ACPE for collections when normal investigative means to locate the former student are unsuccessful or when grantees have been contacted multiple times and refuse to enter the repayment program. The 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 70 borrowers are currently being tracked in the repayment program or will be placed in repayment once located. A review of the students awarded resulted in a slight decrease from the previous year due to duplication.

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, 4,478 students received the forgivable loan. Of those recipients, 2,297 have already graduated with a baccalaureate degree within the required five year time frame. The remaining 2,181 promissory note holders are reported as not enrolled or attending the last institution on file at the time of their last grant award. Promissory note holders who fail to meet the requirements of the forgivable loan must enter into the repayment program.

In addition to these state loans, the ACPE is responsible for the collection of two small federal loan repayment programs: Paul Douglas Teacher Scholarship (PDTs) and Arizona Teacher Incentive Program (ATIP). Of the 254 former Paul Douglas Teacher Scholarship (PDTs) forgivable loan recipients, 2 are in default. All others have completed their obligation by fulfilling the teaching requirements of the program or repaying their loan in full. There were 102 former Arizona Teacher Incentive Program (ATIP) forgivable loan recipients. Only one remaining former ATIP program student is required to make payments and is actively remitting to the Attorney General's office.

All funds recouped for the PDTs and ATIP programs are forwarded to the U.S. Department of Education in December of each year. Any funds recouped by the Attorney General's office are returned, less their recovery fee, to the Commission and disbursed to the U.S. Department of Education.

As previously mentioned, the Arizona Math, Science and Special Education Teacher Loan Forgiveness Program (MSSE) brought to the ACPE the responsibility of administering an additional forgivable loan program. Moreover, the ACPE acquired responsibility for the required compliance and retention tracking of the 236 students who have been granted 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, 5 have paid their loan balance in full, 39 are currently in repayment, 2 have had their loan forgiven, and the remaining 190 will require tracking for up to 15 years. The tracking requirements of MSSE students are two-fold: (1) tracking for compliance to meet the promissory note obligation (up to six years) and (2) tracking for an additional five years to determine retention rates. The MSSE program is described in its entirety in section 1.6 of this report.

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

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

The Arizona Commission for Postsecondary Education (ACPE) serves as the single state entity representing Arizona in the National Association of State Student Grant and Aid Programs. As the state “expert” in student financial assistance the ACPE receives all FAFSA data for Arizona residents and maintains the fully-automated and secure *AZ Grants* student grant portal. This portal fills several critical needs for the state:

- (1) provides students and families a user-friendly, single application for all grants, scholarships, and forgivable loans;
- (2) ensures security compliance with all FERPA regulations related to student personal information by allowing for secure transmission and storage of data;
- (3) reduces the manual labor necessary for institutions to certify student eligibility by providing a user-friendly interface that allows the institution to easily and quickly verify attendance, certify Satisfactory Academic Progress (SAP), program of study, and other eligibility requirements;
- (4) reduces the manual labor necessary for the ACPE to administer student aid programs by performing back office tasks such as awarding of funds, disbursement of funds, and monitoring students through repayment;
- (5) provides in “real time” the necessary 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 researching using the secure portal for the new Free Application for Federal Student Aid (FAFSA) Completion Initiative. Through a matching process, the portal will provide selected Local Educational Agencies (LEA’s), secondary schools or designated entities with FAFSA completion statuses so assistance may be provided to students needing help to complete the FAFSA. Additionally, *AZ Grants* also provides a single place for students in repayment of Arizona student loans to view account information. The ACPE is investigating the possibility of enhancing *AZ Grants* to allow the automatic transfer of funds from the student’s bank account to the ACPE for easier and faster student loan repayment and reduced manual labor for staff; however, funding will need to be provided in order for any enhancements to be made.

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 is included in Section 2.2.C of this report.

1.9 Arizona Family College Savings Program (AFCSP)

The past year the AFCSP has focused on increasing public awareness of the importance of college savings for Arizona families, through public events, enhanced social media and an enriched web presence. 529 college savings plans are the single most accessible option for Arizona families to save for college and reduce reliance on student loan debt to finance a postsecondary education. In 2014, more Arizona families have reported saving for college and developing a financial plan to reach their goals.

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings (529) Program (AFCSP). In 1997, the AFCSP was established as 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 but State legislative action extended the tax incentive into perpetuity. This tax benefit was more than doubled effective January 1, 2013, when the State Legislature increased the state tax deduction to \$2,000 for individuals and up to \$4,000 for married filers. Yet, compared to other states who offer tax incentives, Arizona tax incentive amounts are in the bottom 20%. The goal of the increased tax incentive is to encourage more Arizona families to participate in college savings. While eighty percent of all student financial aid is provided by the federal government and focused on low-income students, the 529 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 ¹	
College Savings Bank (direct-sold, FDIC Insured)	
<ul style="list-style-type: none"> • CollegeSure CD: variable rate CD indexed to college costs • InvestorSure CD: variable rate CD indexed to the Standard & Poor’s 500 Composite Index • Fixed Rate CD: fixed rate CD with principle and interest guaranteed • Savings Account: holds matured certificate of deposit (CD) funds greater than \$250 when the expected withdrawal to pay qualified higher education expenses is sooner than one year after the maturity date of the CD • Honors Savings Account: high yield, tax-advantaged savings account. No fees, no penalties, no fixed term • Accumulator Account: holds contributions until sufficient funds are accrued to purchase a CD 	
Fidelity Investments (direct-sold)	
<ul style="list-style-type: none"> • Three (3) age-based strategies: actively managed, indexed, and multi-firm portfolios. • Six (6) static mutual fund portfolios • Six (6) individual portfolios • Bank Deposit Portfolio, FDIC Insured interest-bearing account 	
IVY Funds InvestED: Waddell & Reed (advisor-sold)	
<ul style="list-style-type: none"> • Three (3) Age-Based Portfolios customized based on college time horizon • Three (3) Static Portfolio options in which investor selects risk level: conservative, moderate or aggressive • Sixteen (16) Individual Fund Portfolios invest in a single mutual fund; including domestic and international equity funds, specialty funds and fixed income funds 	
<small>¹ Details of individual offerings can be found at www.az529.gov</small>	

Critical to the success of the Arizona Family College Savings (529) Program (ASFCP) is the expertise and advice from the AFSCP Oversight Committee. The AFSCP Oversight Committee, as defined by state statute, comprises 10 members with financial, tax and legal expertise. The Oversight Committee’s main responsibility is to make recommendations to the Arizona Commission for Postsecondary Education, the AFSCP 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, both in writing and through a face-to-face interview. Each of the providers is evaluated on their success in meeting contracted outcomes. The current roster of the AFCSP Oversight Committee follows this section.

Arizona Family College Saving Program Oversight Committee

Member Roster as of June 30, 2014

Roger D. Curley
Attorney at Law
Curley & Allison LLP

Kevin Donnellan
Director of Communications
State Treasurer Office

Hope Leibsohn
Attorney at Law
Sherman & Howard, LLC

Steven Matthews
Actuary
Matthews, Gold, Kennedy and Snow, Inc.

David Walser
Managing Director
Grant Thornton. LLP

Jeff Ratje
Director of Finance, College of Law
University of Arizona

Michael Rooney
Attorney
Sacks Tierney, PA

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

Sally A. Taylor
CPA, CFP
Keats Connelly

James Van Houten
CFP
Retired - Stonegate Financial Group, LLC

The report titled *Accounts and Assets Under Management* following this section summarizes data at the close of FY 2014 regarding AFCSP funded accounts, Assets Under Management (AUM), as well as the contributions of each of the three providers to the total Program.

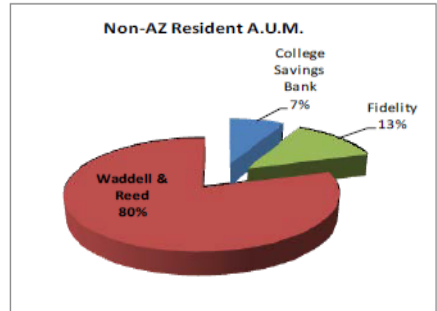
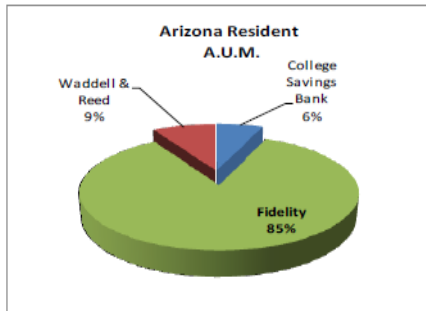
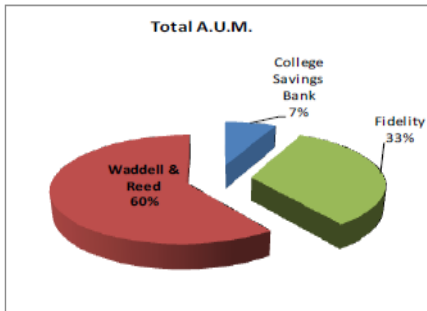
The table on the following page indicates that as of June 30, 2014, there were 73,001 AFCSP funded accounts. This represents a 7.3% increase in the number of accounts over June 30, 2013. The healthy growth in new accounts is driven by both Arizona residents as well as residents of other states, indicating that the AFCSP provides attractive investments to both those inside and outside of Arizona.

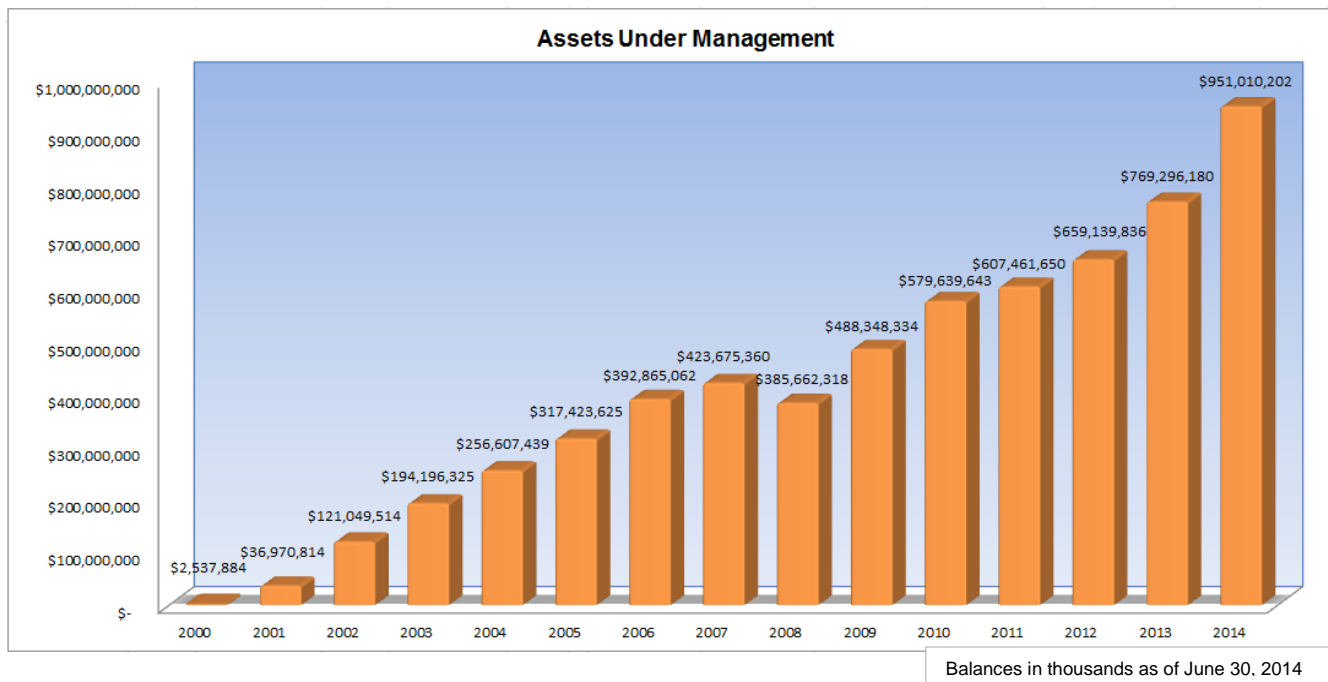
The bar chart in the report titled *Accounts and Assets Under Management* illustrates the growth of AFCSP Assets Under Management (AUM) since inception, by year. Since its launch in 1999, the Arizona 529 Program has grown steadily, with the exception of FY 2008, the height of the Great Recession. As of June 30, 2014, total AUM were more than \$951 million, an increase of \$182 million from the \$769 million under management on June 30, 2013. This reflects a combination of new money deposited in accounts, as well as increased investment performance. As the AFCSP continues to mature, more families have taken advantage of distributions to pay college expenses. These distributions denote the success of the Program in helping families meet their postsecondary education financial goals.

ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
Reports as of June 30, 2014
Accounts and Assets Under Management (A.U.M)
 As reported by providers

Program Manager	Total A.U.M.	% of Total A.U.M.	Average Balance	A.U.M. Held by AZ Residents			A.U.M. Held by Non-AZ Residents		
				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	68,905,438	7%	\$20,699	16,466,987	24%	6%	52,438,451	76%	8%
Fidelity	311,390,533	33%	\$11,367	223,650,291	72%	85%	87,740,242	28%	13%
Waddell & Reed	570,714,231	60%	\$13,499	22,700,520	4%	9%	548,013,711	96%	80%
	951,010,202			262,817,798	28%		688,192,404	72%	

Program Manager	Total Accounts	% of Total Accounts	Accounts Held by AZ Residents			Accounts Held by Non-AZ Residents		
			Total Accounts	% of Accounts by Provider	% of Total Accounts	Total Accounts	% of Accounts by Provider	% of Total Accounts
College Savings Bank	3,329	4.6%	1,476	44%	6.9%	1,853	56%	3.6%
Fidelity	27,394	37.5%	17,948	66%	84.2%	9,446	34%	18.3%
Waddell & Reed	42,278	57.9%	1,894	4%	8.9%	40,384	96%	78.1%
	73,001		21,318	29%		51,683	71%	





The ACPE has taken measures to strengthen the Program for the benefit of investing families. These initiatives included solidifying long term relationships with all three program providers, a continued focus on reducing plan expenses, and improved investment offerings.

Investment options were strengthened with the addition of more conservative fund choices through College Savings Bank and the addition of open architecture portfolios through Fidelity Investments. The expected result of long term performance results should be enhanced by broadened exposure toward international funds. Multi-year Oversight Committee appointments ensure the committee is well positioned to effectively oversee the Program during the upcoming years. These Program enhancements are designed to enhance the Arizona Family College Savings Program and ensure it remains a highly desirable plan.

Fidelity Investments, one of the plan providers, conducts an annual study regarding college savings behavior and shares its Arizona specific results with the Commission. Arizona families surveyed by Fidelity Investments in June 2014 reported a slight decline in saving for their children's college education in light of the economic challenges presented by a slow recovery from the recent recession. Down slightly from the 63% reported in 2013, 59% of parents surveyed said they are saving for their children's college education and on average reported saving \$2,400 last year. Of the Arizona parents who are saving, 31% are investing in a dedicated college savings account, such as a 529 plan. This figure is up from 28% in 2013. In addition, 529 account owners have saved almost 45% more for college than the amount saved by non-529 owners.

In conclusion, this June 30, 2014 review reflects continued account growth and performance recovery. This year was one in which plan assets increased appreciably

through both investment performance gains and new plan accounts opened. In offering a five-year contract with a single two-year renewal option to the plan providers, the AFCSP has achieved an operational stability that should endure for the upcoming years. Additionally, Fidelity Investments has continued to strengthen their 529 plan by bringing new investment products and reduced plan expenses into the program. Furthermore, 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 www.azhighered.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 state in achieving its 2020 goal of 36,000 college degrees. 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. Likewise, workforce data shows that large numbers of Arizona adults are under-employed and seeking higher education for personal/professional development. Surprisingly, twenty-six percent of Arizona adults, according to 2010 census data, have earned some college credit yet do not hold a degree. It is the potential within these statistics that propels the Arizona Commission for Postsecondary Education to engage in leading, strengthening, and supporting college access and success initiatives for both high school students and adults.

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

First, the Commission provides current and relevant print and web-based information for college planning and decision-making to students and their families. Two methods are employed to provide this information and assistance. First, 10,000 free publications were disseminated statewide to provide current and appropriate college-going information. The Commission also hosts multiple websites which attracted 153,563 unique visits in FY 2014. 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. Commission support activities include the College Goal Sunday Financial Literacy Initiative; the Arizona College Application Campaign, and the Free Application for Federal Student Aid (FAFSA) Completion Initiative which will be added in 2015. Each of these efforts is designed to add to the knowledge base and provide tools to professionals who guide low-income students and families in educational planning.

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

College Goal Arizona (CGA) 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 with the two most important applications of their life.

College Goal Arizona has three goals:

- 1) every senior completes at least one postsecondary 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 applications and application for financial aid. They are building a college-going community where staff lead and a cohort approach among peers that supports first-generation and low-income students as they take the steps to enroll in college or some form of postsecondary education.

2.1.A. The Arizona College Application Campaign (AzCAC)

The Arizona College Application Campaign (AzCAC) is a new 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, 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 state-wide 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. The Commission established an on-going 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 applications submitted during the campaign, relative to the number submitted in previous years, insofar as reported by secondary and postsecondary sectors.
2. The number of students matriculating in the summer, fall, or winter semester/quarter following their participation in the campaign as compared to the number of students matriculating in comparison to previous years.

The Advisory Committee also recommended:

- The Arizona College Application Campaign (AzCAC) be held at high schools during the school day in November.
- The campaign be representative of all sectors of public and private postsecondary education and students will apply to their choice of school.
- If successful, the November 2013 pilot project would be followed by a November 2014 expansion under the guidance of a multi-sector implementation team.

The 2013 pilot was very successful. Eight high schools serving 2000 seniors participated in the 2013 AzCAC pilot study with the goal of 100% of their senior classes completing an application to at least one postsecondary institution by the end of November. Additionally, the participating high schools agreed to maximize student participation and school-wide engagement by staging AzCAC events that took place on school grounds, during the school day. A total of 950 applications were filed during the AzCAC events and 444 students filed an application for the FIRST time during the AzCAC event; this represents 14% of the seniors attending these AzCAC pilot schools.

The Commission first worked with the postsecondary institutions and the Advisory Committee to evaluate the 2013 pilot project. Staff members then used the data along with lessons learned from 2013 to plan and to implement the 2014 AzCAC. The Commission will be seeking outside funding to continue this time intensive and highly valuable work. The November 2014 campaign is complete and the data is under analysis at this time. It will be presented to the Advisory Committee in late January for their review and input.

The Commission will also continue to promote the College Application Campaign on the new website, College Goal Arizona which was developed in June of 2014.

2.1.B. College Goal Sunday (CGS) Financial Literacy Initiative

Arizona's College Goal Sunday (CGS) is a grant-funded statewide financial literacy initiative that provides free information and professional assistance to Arizona students and families seeking college financial aid for postsecondary education experiences. The Arizona Commission for Postsecondary Education has planned and coordinated the Program for the past 18 years. The mission of the CGS initiative is to increase the number of low-income, minority and first-generation college students entering postsecondary education. The goals of the College Goal Sunday Financial Literacy Initiative are: (1) to increase the number of students who gain knowledge of and seek financial aid, (2) increase the number of college-bound seniors and returning adult students who complete the Free Application for Federal Student Aid (FAFSA) on time, and (3) to increase access to accurate and timely information regarding student financial assistance and financial aid processes.

The annual event is offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2014, College Goal Sunday & Saturday Too! was held in 19 Arizona communities across the state on February 22nd and 23rd. On these two days, more than 340 volunteer financial aid professionals from Arizona's colleges/universities, as well as high school counselors, mobilized to assist high school seniors and their parents and returning adults in completing the online FAFSA form and to learn about the financial aid process. Over 1,234 students and parents attended the 2014 event.

The student/parent surveys tell a compelling story of the need for College Goal Sunday (CGS). More than 6 out of 7 respondents indicated that they completed an online FAFSA during their CGS workshop. Ninety-six percent of the student/parent surveys indicated that the assistance they received at the event made the event worth attending. Over 54% of students that attended were 1st generation students and 64% had family incomes of less than \$40,000. Likewise, 73% of those who attended reported that they were a minority. Eighty-six percent of respondents report that CGS increased their likelihood of attending college or vocational school in the next year.

While the annual event is an important service to students and their families, also important is the financial literacy component of the initiative. 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 Federal Student Aid Office (FSA) of the U.S. Department of Education reports that Arizona's FAFSA filing rate is less than 30% and Arizona is only one of four states in the country with such a low filing rate.

The FAFSA is the first critical step in applying for all forms of financial assistance, yet the form and the application process are often overwhelming to students and families, especially 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, and the deadlines for filing the application.

The CGS financial literacy campaign 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 the 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 by February 15 in order to be considered for all available aid, and (4) there are additional steps to take after filing the FAFSA.

The Commission promotes literacy providing accurate and timely information related to financial aid on the College Goal Arizona and the Pay4CollegeArizona websites. Line-by-line instructions on how to complete the FAFSA are included on the CGA website to help students and their families who could not attend the in-person event. In 2012 the Commission added a social media (Facebook) component to the financial literacy campaign. Social media is one of the best ways to reach high school seniors. In FY 2014 the CGS Facebook page received over 1,000 "likes". Additionally, the Arizona College Access Network (AzCAN) offers direct access to low-income students statewide to deliver the messages.

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

2.1.C. Free Application for Student Aid (FAFSA) Completion Initiative

The Arizona Commission for Postsecondary Education has an opportunity to support high school professionals and senior students in a very important issue. The Commission is the designated agency in Arizona to lead the Free Application for Federal Student Aid (FAFSA) Completion Initiative. This initiative allows the “State Grant Agency,” or the Commission, to disclose limited information from individual students’ FAFSA applications to secondary schools, Local Education Agencies (LEAs), and designated entities with the purpose of providing help for the student to complete their FAFSA filing.

The Commission is the State repository for all FAFSA’s filed by Arizona residents. Likewise, the Arizona Commission represents Arizona in the National Association of State Student Grant & Aid Programs (NASSGAP). For these reasons, the Commission was asked to submit an updated Student Aid Internet Gateway (SAIG) application. The updated application allows the Commission to provide data to schools, Local Education Agencies, and designated entities such as GEAR UP regarding the status of high school seniors’ FAFSA applications. However, a data sharing agreement between the Commission and the school, district, or entity is required.

Other states are showing great success in 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 and also provide more educated citizens to bolster the available workforce.

A Decision Package was submitted with the ACPE Budget Request seeking the funding necessary to embark on this effort. The delivery of the FAFSA Completion reports requires a software program that accomplishes 1) a search and match for the specific senior’s application among more than 800,000 Arizona resident’s FAFSA applications in the Commission database, 2) extraction of the allowable ISIR information, 3) compilation of specific data elements into unique records, 4) preparation of summary reports for allowable entities, and 5) dissemination of these reports. A secure web portal will also be necessary to transmit lists of student information to the Commission for whom they are seeking FAFSA completion data and, also, for high schools to retrieve sensitive data reports via password from the Commission.

The request is for \$69,568 consisting of \$27,008 in software development costs and \$42,560 in program operation costs. Program operations are inclusive of \$5,000 for personnel costs and \$37,560 for annual maintenance and hosting of a secure web portal.

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

The Arizona Commission for Postsecondary Education received funding in the second 5-year cycle of the federal College Access Challenge Grant (CACG) to host the Arizona College Access Network (AzCAN). Additionally, the Commission was awarded a three-

year Kresge Foundation grant through the National College Access Network (NCAN) in January of 2011 to support the work of AzCAN. The CACG and Kresge funds were to be used to develop collaboration, build partnerships, share expertise, provide professional development, and disseminate quality college-going and financial aid information and publications to college access programs and professionals across Arizona. Unfortunately, the major source of funding, the College Access Challenge Grant, was lost when Arizona was unable to meet the on-going Maintenance of Effort required for the grant and Arizona's Waiver Application was denied. The Network needed to reimagine its future.

The Network vision is aligned with the Governor's goal to double the number of students receiving baccalaureate degrees to 36,000 per year. The mission of the Network is to build the capacity of college access programs throughout Arizona and ensure that quality services are provided to low-income, first-generation students as they prepare for, transition to, and succeed in postsecondary education. The Network undertook a strategic planning process in 2014 to take the organization to the next level of operation. One of the outcomes was a recommended relocation of the Arizona College Access Network into a non-profit organization so that foundations and donors would find funding the organization more attractive over a government agency.

The Network membership continued to grow with a total of 133 direct service members. This includes 93 college access programs, 40 supporting organizations, and 362 individual members. There are also 65 individual supporters in the Network. Arizona's college access providers are housed in institutions of higher education, high schools or districts, community organizations, national organizations and foundations.

An ongoing initiative established at the ACPE that will continue to contribute to College Goal Arizona, is the AzCAN College Access Curriculum, a partnership with GEAR UP and the Southern Regional Education Board. The curriculum consists of four online modules for college access professionals to improve their effectiveness in preparing students for college. These modules cover such topics as creating a college-going culture, working with diverse populations, early career awareness and planning, and the financial aid process. The online curriculum is targeted to K-12 teachers and counselors, nonprofit personnel, and pre-service counselors and is scheduled to begin in the summer of 2014.

The Arizona College Access Network staff and Steering Committee remain grateful for the sound start provided through the support of the Governor's Office of Education Innovation. ACPE staff look forward to continuing to support the Network in building and developing an effective statewide network of college access programs and professionals.

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

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

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, college access programs, and the information seeking public. The ACPE has compiled and disseminated this publication since 1975.

There are two major distribution focuses for the ACCG. Emphasis is put on marketing and distributing the ACCG to Title I high schools. The Arizona College Access Network (AzCAN) is another means for distributing the ACCG. AzCAN provides the *Arizona College and Career Guide* as one of the benefits for its members. In addition to the two main areas of distribution, 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. In FY14, over 8,000 copies of the ACCG were distributed to these schools. Non-Title I high schools may order the publication as long as the supply lasts.

In addition to the print version, the ACCG is available online in an easily navigated format. This website had a total of 2,088 unique visits in FY14. Publication and distribution costs of the ACCG are financed through paid advertising in the publication and per individual book fees from sales.

High school and career counselors consider the ACCG a valuable tool when working with students needing more information on Arizona postsecondary institutions or as part of a career exploration assignment. Every year, Arizona GEAR-UP advisors request 2,500 copies to distribute to economically disadvantaged high school seniors. The Department of Economic Services' Vocational Rehabilitation offices use the ACCG as a tool to determine if a school a client wishes to attend will be approved for funds. Furthermore, the ACPE uses the Arizona College and Career Guide as a promotional tool to inform families of College Goal FAFSA and the Arizona Family College Savings Program (Arizona 529 Plan), as well as the various Arizona grants administered by the ACPE. The ACCG is also used to promote to counselors the ACPE's free college-going literacy materials available for high school students and returning adult students

2.2.B. AZhighered.gov: Arizona Commission for Postsecondary Education

The www.azhighered.gov 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 Goal FAFSA. Statewide initiatives such as Arizona's College & Career Ready Standards, Arizona Ready, and Expect More Arizona

are prominently displayed and linked as well as information regarding Commission, AMEPAC, and Arizona Family College Savings Program Oversight Committee public meetings. During FY 2014, plans to convert the website from html to Drupal (content management platforms) began. The website received 39,333 unique visits during FY14.

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

The www.azgrants.gov website is an easy to use, single secure portal, for students to access information on the AzLEAP and the MSSE grants (described in Goal 1) as well as the applications for the MSSE grants. Since 2006, there have been 8 grants and their appropriations supported by this portal. The website provides back-office support for the basic elements of granting including FAFSA retrieval, establishment of need, computation of grant award and communication with financial aid professionals and students. This interactive website also provides links to other financial aid options and resources for the public. The portal serves as a user-friendly tool for financial aid professionals, representing more than 100 postsecondary institutions, to submit to the ACPE required data which verifies students as attending, achieving Satisfactory Academic Progress, and certifies student eligibility criteria under the terms of the grant. Additionally, the ACPE uses the portal to notify students and financial aid staff when it awards grants to students and also via email. During FY 2014, the website received 53,089 unique visits.

The ACPE is preparing to use this secure portal for the new Free Application for Federal Student Aid (FAFSA) Completion Initiative. The Commission has requested funds for the technology required to undertake this Initiative. The portal when fully programmed can provide automation of the following: 1) a search and match for the specific senior's application among more than 800,000 Arizona resident's FAFSA applications in the Commission 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 allowable entities, and 5) dissemination of these reports. Moreover, the secure web portal will serve as the dissemination point of these summary reports for high schools, Local Educational Agencies (LEA's), or designated entities to retrieve sensitive data via password from the Commission.

The AZgrants.gov portal allows a small ACPE staff to achieve grant awarding and communication to/from stakeholders in a timely and efficient manner by executing the labor intensive back-office tasks in a secure environment.

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

The www.pay4collegearizona.gov website provides accurate and timely resources on how to financially prepare for college using current and relevant information. This website helps students and parents gain knowledge of the financial aid process including types of aid, steps, and deadlines which help them plan and succeed in paying for college. In FY 2015, the pay4collegearizona website will be located in the newly

developed umbrella site, CollegeGoalArizona.gov. During FY14, this site received 9,518 unique visits.

2.2.E. College Goal FAFSA

College Goal FAFSA, formerly College Goal Sunday, provides accurate and timely information related to completing the FAFSA as well as financial literacy information. Students and their families, who could not attend the in-person workshop, can find line-by-line instructions on how to complete the FAFSA in addition to other financial literacy handouts such as what to do after submitting the FAFSA, using credit wisely, and identity theft. This portal also provides handouts and marketing materials for CGS site coordinators hosting in-person events. College Goal FAFSA is now located in the umbrella site CollegeGoalArizona.com which is part of the Drupal conversion through ASET. During FY 2014 this site received 7,283 unique visits.

2.2.F. 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 IRS approved college savings plans, which includes information specific to the Arizona Family College Savings Program. It is the companion website to the pay4collegearizona.gov website, providing 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 a number of different 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 2014 the Commission continued to build public awareness with families, promoting 529 Day during May and celebrating College Savings Month during October by hosting events which reached an estimated 365,000 Arizona residents. Interest in the website also continued to grow as it received 27,058 unique visits in FY 2014. The increased public awareness efforts continued through the growth of the Arizona 529 Program's social media efforts which resulted in 4,525 Facebook likes as of June 2014.

2.2.G. AMEPAC.org: Research and Policy Analysis Reports

The Arizona Minority Education Policy Analysis Center website, www.amepac.org, 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 2014 this site received 3,318 unique visits.

2.2.H. AZCAN.gov: Information and Resources for College Access Professionals

The azcan.gov website went live in September 2011 and was developed to help form a learning community among college access professionals. The website provides interactive tools for members as well as information and resources for college access professionals on a variety of topics including financial aid, professional development and evaluation methods. Foster and homeless youth resources can also be found on this site. In FY2013 azcan.gov had 3,611 unique visits. Today the website is no longer in service, but has been redirected to AzCAN's new website.

2.2.I. 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 10 years, ACPE has provided an 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* subscribers and news stand sales total 76,000.

Goal 3: Addressing common opportunities and problems across all sectors of postsecondary education

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): Research for Policy Decisions

The mission of the Arizona Minority Education Policy Analysis Center (AMEPAC) is to stimulate through studies, statewide discussion, and debate constructive 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 roundtable discussions on pressing issues related to the mission. Research can be viewed at www.azhighered.gov.

AMEPAC contracted with the University of Arizona and produced the *2013 Minority Student Progress Report: Arizona in Transformation*. 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 provides for the first time trend analysis, county data, graduate program data and policy recommendations (provided by AMEPAC). The 2013 report represents the fifth in a series of reports. Earlier iterations of this study were issued in 2003, 2005, 2007, and 2009. The data within this series of reports makes clear that Arizona must address the educational needs of our growing minority population, for they will serve as the foundation of our future labor force.

The report was rolled out during the November 2013 Developing Arizona's Human Capital Conference and distributed to conference attendees. In early 2014, AMEPAC members presented the report to Arizona's policy makers that included the House Education Committee, the Arizona Mexico Commission, and the AZ State Board of Education. Members also reached out to various organizations such as the Arizona School Board Association, Arizona Association for Economic Development, Arizona School Administrators, Arizona Private School Association, and the Arizona Business and Education Coalition. Presentations of data were delivered to various media organizations such as La Voz, Phoenix Business Journal, Univision, and Arizona Horizons. A segment of Horizonte focused on a presentation by AMEPAC members. The goals and policy recommendations in this report constitute a powerful call to action. The report, its executive summary, and the county data can be found at www.amepac.org.

3.2 Initiatives to Develop Opportunities and Solve Problems: Developing Arizona's Human Capital Conference and Pathways to Education Awards

The Commission's 11th higher education conference titled *Developing Arizona's Human Capital: Innovation that Generates Postsecondary Education Success* was held at the Renaissance Phoenix Downtown Hotel on November 21 and 22, 2013. More than 260 participants attended including 26 college and university presidents, 51 college and university senior administrators, 13 presidents/CEO's of companies, agencies, and foundations, 16 governing board members/trustees, 7 legislators, 3 Governor's Office policymakers, 3 legislative staff members, 33 college access professionals, and 8 students. In addition, 20 sponsors made the conference registration affordable and also provided funding for exceptional speakers.

Disruptive Innovation Theory served as the conference framework and the application of that theory to postsecondary education was the focus. Mr. Michael B. Horn, co-author of *Disrupting College: How Disruptive Innovation Can Deliver Quality and Affordability to Postsecondary Education* was the keynote speaker for the first day. He joined a panel of leaders in higher education for a discussion of the issues outlined in the research as they apply to Arizona. Other topics presented on the first day included "Competency-Based Education & NAU's Personalized Learning Initiative", "The Maricopa Millions Project: Scaling Up Open Educational Resources to Save Students Money and Increase Access", "Educational Innovation for Teaching & Advising", "Strategic Alternative: Empowering Students Who Learn Differently", "*Arizona in Transformation: The Pipeline*", "Creative Virtual Communities of Scholarship and Facilitating Student Creativity & Innovation." The day ended with five exceptional students discussing the creative and entrepreneurial aspects of their education with Dr. Brent Sebold from ASU.

On the second day Dr. Martha Laboissiere, Senior Expert for McKinsey & Company, presented recent research on the topic of Talent Development and U.S. Growth and Renewal. She was joined in further discussion of the issue by Rosalyn Boxer, from the Arizona Commerce Authority; Dr. Chris Bustamante, of Rio Salado College; and Dr. Carol Lockhart, of C. Lockhart Associates. Later, Representative Jeff Dial, Chairman of the House Higher Education & Workforce Development Committee, Senator Chester Crandell, Vice Chairman of the Senate Education Committee and Dale Frost, the Governor's Education Policy Advisor presented "Looking to 2014: The Legislative and Policy Agenda for Postsecondary Education". The conference concluded with Hector Araujo, a GEAR UP Alumni Leadership Academy Fellow who shared his personal journey to a bachelor's degree. Mr. Araujo's comments remind the attendees that Innovation is critical to success; yet, without supportive human relationships student success is unlikely.

Other conference highlights included the presentation of the 11th Pathways to Postsecondary Education awards to outstanding college access programs representing K-12, postsecondary education, business, community, and public/private partnership. In addition, college access professionals were provided with a special bonus session on methods of a community approach to college access, and opportunities for networking with other professionals. The total conference evaluation was rated as 4.6 out of 5.0 by those attending.

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

Collaboration and partnerships 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.

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 College Application Campaign, the Free Application for Federal Student Aid (FAFSA) Completion Initiative, College Goal Sunday Financial Literacy Initiative, the Arizona Minority Policy Analysis Center, the Developing Human Capital Conference, and Pathways to Higher Education Awards.

Likewise, collaboration allows the ACPE to provide pertinent and state-specific college awareness and student financial assistance information to Arizonans through the distribution of the *Rapid Guide to Financial Aid*, *Arizona College and Career Guide*, and digitally for the more than 153,000 unique visits annually to ACPE sponsored websites.

Each of these programs, resources, and college awareness publications are offered at no expense to the State, but rather are sponsored through grants, collaboration, or sales. For example, it is estimated that College Goal Sunday benefits from more than \$130,000 of in-kind assistance received from partners such as the public universities, community colleges, high schools, guidance counselors, and Work Force Connections to establish the 28 statewide sites. Moreover, the partnership with the Arizona Financial Aid Administrators Association provided more than 300 financial aid professionals to help families complete the FAFSA over one weekend. The Free Application to Federal Student Aid (FAFSA) is documented in research papers to be more difficult for low income families to complete than the annual income tax reporting requirement; yet, it is the filing of the FAFSA that opens the door to federal financial aid. The College Goal Sunday Financial Literacy Initiative costs for FY 2014 were paid through a grant from USA Funds.

To meet the goals of the state, the Arizona Commission for Postsecondary Education also supports other Arizona wide initiatives. In FY 2014 the ACPE Executive Director participated on the Getting AHEAD Steering Committee, Expect More Arizona Public Engagement Task Force and Statewide Advisory Council, Degree Phoenix Steering Committee, and College Depot Advisory Committee. Moreover, the ACPE continued its partnership with the Governor's Office in the administration of the College Access Challenge Grant and continued development of the Arizona College Access Network (AzCAN) and the administration of the College Access Challenge Scholarship portions of the grant.

Recently, the Commission accepted the leadership role for the Arizona College Application Campaign (AzCAC) 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 which will be measured by the state's success in achieving its 2020 goals.

Conclusion

This report reflects the 2014 outcomes of the strategic plan initiated by ACPE Commissioners. It also outlines the limitations posed due to the budget reductions on achieving the goals and statutory responsibilities in the core area of responsibility for the Commission, student financial assistance.

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 78% and the elimination of federal LEAP, and SLEAP, grant funding. The figures below represent the student aid disbursed through the ACPE in FY 2010 through FY 2014, and the projection for 2015, which reflects the loss of \$1M in scholarships no longer available through the College Access Challenge Grant.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2010	2011	2012	2013	2014	2015
Total Aid Disbursed	\$6,825,388	\$3,711,781	\$3,511,920	\$4,178,488	\$3,521,142	\$2,477,900
% Decrease compared to FY 2010		-46%	-49%	-39%	-48%	-63%

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. Yet, the funding for the Postsecondary Education Grant (PEG) and the Private Postsecondary Financial Assistance Program (PFAP) remains on suspension. Additionally, the loss of federal funds for LEAP and SLEAP also reduced financial aid opportunities for Arizona

students. An even greater shortage is projected for FY 2015 due to the loss of College Access Challenge Last Stretch Scholarship funds.

To begin to address these issues and others arising from the budget cuts, Decision Packages have been submitted by the Commission with the FY 2016 Budget Request to undertake and fund several important opportunities including:

- elimination of inequitable repayment requirements for former Postsecondary Education Grant (PEG) recipients who have not achieved a bachelor's degree by FY 2014,
- access to a small amount of funds remaining in a suspended grant (under \$30,000) to complete the tasks necessary to eliminate repayments for students and terminate the program,
- expanding the successful Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) Program in order to address Arizona's teacher shortage in high need subject areas,
- fund software development, support for a secure web portal, and staff time to successfully undertake an Arizona Free Application for Federal Student Aid (FAFSA) Completion Initiative,
- re-establish and reinstate funding, at reduced levels, the Private Postsecondary Student Financial Assistance Program (PFAP) and the Postsecondary Education Grant (PEG).

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

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

As is witnessed in this annual report, the ACPE has the financial aid expertise, the data analysis skills, the positive relationships with all sectors of public and private higher education to help ensure successful student aid programs. Likewise, the AZ Grants portal presents a functioning, student and institution friendly website that allows for both a single entry point and a single application to apply for all state grant and federal grant funds under ACPE administration. It also offers a central point for data collection and

analysis in real time so that policy makers can determine the effectiveness of student aid programs and make necessary adjustments rapidly. This kind of expertise and a single web portal encourages student-centered or voucher-style grants which will propel Arizona toward its goal of doubling degrees by 2020 through the design of student financial support that rewards student success and also provides the opportunity of early awareness of funds to increase both college aspirations and enrollment.

The Commission also provides a tax-advantaged savings opportunity for Arizona families to stretch dollars for postsecondary education through a tax-advantaged savings opportunity, the Arizona Family College Savings Program (AFSCP). The AFSCP continues to grow and achieve success under the oversight and administration of the Commission. This past year, the program was rated four out of five graduation caps by Savingforcollege.com. It was ranked as an excellent program with many benefits for the participant and having positive investment attributes by this same evaluator. Moreover, the program includes attractive conservative FDIC insured investment options, as well as mutual funds offering open architecture or multi-firm age-based portfolios. As of June 30, 2014, total Assets Under Management were more than \$951 million, an increase of \$182 million from the \$769 million under management on June 30, 2013.

The Commission, under Goal 2, also implements strategies to help students and families enroll, finance, and succeed in postsecondary education. By coordinating the College Goal Sunday Financial Literacy Initiative, leading the Arizona College Application Campaign, and seeking to bring to Arizona the College FAFSA Completion Initiative the Commission seeks to provide knowledgeable adult professionals at critical transition points to vulnerable groups of prospective students. Likewise, the Commission provides relevant and timely print and web-based information free of charge to Arizona families. Printed documents are supplied to thousands of households annually and more than 153,000 unique visits are made to ACPE 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 participation in college access initiatives which are offered by foundations, government, businesses, or non-profit entities with similar missions.

The Arizona Commission for Postsecondary Education has identified a mission of *expanding access and increasing success in postsecondary education for Arizonans*. The Commission looks forward to continuing to fulfill its core responsibilities of maximizing available student financial assistance to students and families. In addition, Commissioners are dedicated to providing support from knowledgeable professionals and accurate and timely information to help students and families enroll, finance and succeed in college. Finally, the ACPE will continue to provide a forum for all sectors of

postsecondary education to seek opportunities and solve problems, as well as participate in and support collaborations with similar missions and goals.