

**ARIZONA COMMISSION FOR
POSTSECONDARY EDUCATION**

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

ANNUAL REPORT

FISCAL YEAR 2015



Arizona Commission for Postsecondary Education

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December 21, 2015

The Honorable Doug Ducey, Governor
The Honorable Michele Reagan, Secretary of State
The Honorable Andy Biggs, President of the Senate
The Honorable David Gowan, Sr., Speaker of the House of Representatives
Mr. Vincent Alascia, State Documents Librarian, AZ Library, Archives, & Public Records

I respectfully submit the enclosed FY 2015 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 2015 brought continuing financial challenges and additional opportunities to the ACPE. Challenges faced by the Commission include a sustained 80% reduction in the ACPE general funds appropriation as compared to FY 2008. Sadly, because the core responsibilities of the Commission focus upon student financial assistance, this loss of financial aid affects the education potential of nearly 20,000 students who in years past would have received financial assistance through ACPE administered grants/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, 2015 the AFSCP held more than \$1B in assets and nearly 78,000 accounts were in place to pay for college expenses. As Arizona's Qualified Tuition Program (QTP) the Arizona Family College Savings (529) Program provides an important opportunity that helps families prepare for college expenses.

The report also describes that the Commission was asked to build a statewide network of high schools committed to a college-going culture. This work is taking place through leadership and integration of three Commission initiatives: 1) the Arizona College Application Campaign, 2) the College Goal FAF\$A Financial Literacy Program, and 3) the FAF\$A Finish Line 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 2015 more than 138,968 unique visits were made to ACPE websites. The ACPE also distributes to families and students free print publications that assist in college planning, understanding financial aid processes, and important deadlines including the *College Savings Planner* and the *Arizona College and Career Guide*.

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 2017 Budget Request to address several important opportunities including:

- provision of Federal Student Aid (FAFSA) Finish Line Reports and College Application data to high schools and counselors to assist their students in enrolling in a postsecondary education institution by funding one FTE, annual software update costs, and maintenance and hosting of a secure web portal for report dissemination,
- expansion of the successful Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) Program to address Arizona's teacher shortage in high need subject areas by providing increased funding and one FTE,
- reinstate funding, at reduced levels, and provide 1½ FTE for administration of 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.highered.az.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
Charles Martin, OSPB Budget Analyst
Sharon Carpenter, House Education Committee Research Analyst

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

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

Submitted December 21, 2015
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 appropriated student financial assistance dollars and the loss of \$1.7M of federal student aid and infrastructure funding. These changes include:

- suspension of the Postsecondary Education Grant (PEG) 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 \$2.5M of the Commission budget in FY 2015 represented flow-through funds dedicated to student grants and scholarships. In contrast, in FY 2008 the student financial assistance dollars was 7.5M. This table reflects additional ACPE budget reductions in student grant/scholarship programs over the past five years.

Historical Review of ACPE Student Aid Programs

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

The loss of these grant dollars affects the lives of nearly 20,000 students who in previous years 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 Governor’s priorities of equal access to education, growing the economy, and opportunity for all will begin to be fully realized. 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 can provide information regarding student reported behavioral barriers to continuing their education.

There was a great deal of Commission activity in 2015 regarding Goal 2 which calls for the Commission to provide support from knowledgeable professionals as well as accurate and timely information to help students and families take steps to enroll, finance, and succeed in postsecondary education. Three initiatives which stem from the success of the Commission’s long-standing College Goal Sunday Statewide Financial Literacy Initiative have been established within the Commission in support of building a college-going culture statewide. These include:

- leadership of the Arizona College Application Campaign at the request of the public universities and a Statewide Advisory Committee,
- sustained leadership of the College Goal FAFSA Financial Literacy Initiative inclusive of Community and High School FAFSA Completion Workshops,
- successful completion of a pilot study to provide Free Application for Federal Student Aid or FAFSA Finish Line Reports in FY 2015 and current plans to expand the reach of these important reports in 2016.

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

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

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

Commissioners 2014 – 2015
Arizona Commission for Postsecondary Education

Commissioners

Darin Barga

Executive Director
Arizona Automotive Institute

Jenifer Brumbach

Director of Education
East Valley Medical College

Brian Capistran

Superintendent
Glendale Union High School District

Susan Ciardullo

Regional Director
West Coast Ultrasound Institute

Jody Johnson

Superintendent
Pointe Schools

Dr. Michael Kearns

President
Mohave Community Colleges

Eileen Klein

Board President
Arizona Board of Regents

Jill Kohler

President
Penrose Academy

Dr. Shouan Pan

Campus President
Mesa Community College

Dr. Hank Radda

Provost
Grand Canyon University

Dr. James Rund

Senior VP, Educational Outreach & Student Affairs
Arizona State University

Timothy Slottow

President
University of Phoenix

Teri Stanfill

Executive Director
Arizona Board for Private Postsecondary Education

Dr. Kasey Urquidez

VP, Enrollment Management, Student Affairs
Advancement & Dean of Undergraduate
Admissions
University of Arizona

Dr. Manuel Valenzuela

Superintendent
Sahuarita Unified Schools

Edward Vasko

CEO
Terra Verde, LLC

Commission Staff

Dr. April L. Osborn

Executive Director

Cathy Guthrie

Business Manager

Daniel Helm

Associate Director, State Student Financial Aid

Deena Lager

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

Julie Vo

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 four decades.

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

Over the past five years the Commission has been responsible for eleven financial 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 on page 4 in the Introduction in a table titled “Historical Review.” Most notable are the suspension or elimination of several successful financial aid programs administered by the Commission as well as the restructuring of several programs.

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

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

The Governor’s Office partnered with the Commission to provide student scholarships through the second cycle of federal formula-based College Access Challenge Grant (CACG). The ACPE administered more than \$1M in student scholarships to low-income students with 60 or more credit hours to sustain their attendance for the final years of degree preparation. Unfortunately, FY 2014 was the last year of funding for the 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 third full year of administration of the Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE). Established in FY 2007, this program was transferred to the Commission in FY 2012. In addition to verification of eligibility and fund disbursement, responsibilities also include loan administration, borrower service tracking, and loan repayment servicing. Unfortunately, funding for the program was reduced from \$2M to \$176,000, drastically limiting the number of students served by this popular forgivable loan for teachers-in-training. Thus, the ACPE requests one FTE and an additional \$500,000 in its FY 2017 Decision Package.

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

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

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

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

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

for the amount of \$300,000 and 0.5 FTE with personnel services and employee related expenses of \$30,100 to administer the PFAP program. The increase in funding of the PFAP program has the potential to award up to 150 grants each year, assisting community college graduates in achieving their goal of a bachelor's degree at a private postsecondary institution.

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

The Postsecondary Education Grant (PEG) program, created in the 2006 legislative session, was a student-centered, non-need based forgivable loan designed to financially support and encourage Arizona resident students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The maximum grant was \$2,000 per year for up to four academic years (eight semesters/terms). These funds were used for tuition, books and fee expenses. Students had to obtain a bachelor's degree within five years after the first PEG disbursement. If a student did not obtain a bachelor degree within five years or did not enroll for a period greater than twelve months, the grant became a loan that the borrower must repay, entering the borrower into a repayment program.

The PEG program was patterned after the successful student-centered Private Postsecondary Education Student Financial Assistance (PFAP) program. Goals for the PEG program include (1) strengthening the private higher education sector, (2) providing cost savings to the State by encouraging residents to attend private colleges and universities over publically funded universities, and (3) increasing the number of baccalaureate degrees in the State of Arizona, thus increasing the tax revenues from a more readily available educated and higher wage-earning workforce.

4,478 recipients benefited from the PEG and Special PEG programs during its short existence (FY 2006 – FY 2010 and FY 2012 - 13 and FY2013 - FY2014). In 2015, the Commission had confirmed that over 2,800 recipients had already graduated from a private college or university and had their loan forgiven. Unfortunately, the PEG program was suspended in FY 2011. With this suspension came the expectation on the part of the Commission staff that the abrupt and unexpected loss of these funds during the recession would result in markedly higher rates of dropouts and more students requiring additional time to achieve degree completion. According to the promissory note, either dropping out or missing the required graduation date would result in students' obligation to repay all funds received.

At the request of the Commission and through SB 1477 access to administrative funds was provided in FY 2016 for the Commission staff to contract with a third-party vendor to begin the loan repayment process in FY 2016. Steps in the process 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 borrower using a professional tracking firm to provide contact information; communicating with borrowers regarding repayment status; and establishing a repayment plan. Monitoring of payments is required for 10 to 15 years.

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

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

According to a U.S. Census Bureau 2009-2013 5-Year American Community Survey, only 17% of Arizona's 4.2 million adults (25 years and over) have attained a bachelor's degree. This is lower than the national average of 18%. Additionally, Arizona has a high proportion of adults who have completed some college coursework but did not persist to a college degree. The PEG program was one of the few student aid programs that served this particular population.

Fiscal year 2016 will be the last year of the PEG program, due to the July 1st, 2016 program expiration. The experience of the Commission in financial aid leads the staff to believe the PEG program is an important state financial aid program. The Commission continues to foresee the need of programs such as PEG in the future and asks for an extension of the statutory expiration. Lifting of the suspension and the reinstatement of funding for the PEG program would assist Arizona in reaching the goal of doubling the number of graduates by 2020.

1.3 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 (forgivable loan) 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.

More than 300 students have benefited from the Special PEG Program since its inception. In FY 2014 the Special Postsecondary Education Grant Program (Special PEG) was eliminated.

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 lost 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 2017 Budget request.

1.4 College Access Challenge Grant Last Stretch Scholarship - Eliminated

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

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 represented the third year in the second cycle.

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.

As a need-based scholarship, the CAC Last Stretch Scholarship program was designed to assist low-income college students who have completed over 60 college credit hours to achieve their baccalaureate degree at any regionally or nationally accredited institution. Eligible students 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.

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. These financial aid dollars affected numerous low-income student lives in Arizona and the loss of these funds greatly impacts future students. The ACPE regrets the loss of this program.

1.5 Arizona Leveraging Educational Assistance Partnership (AzLEAP)

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

FY 2015 was the fourth year the Commission administered the restructured AzLEAP program. Private and public higher education institutions applied to the ACPE and the ACPE certified institutional eligibility and determined a proportional distribution of funds (based on the number of Arizona resident students) to institutions. AzLEAP recipients were selected by the institutions on the basis of financial need established through 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 2015, three thousand two hundred forty one (3,241) Arizona Leveraging Educational Assistance Partnership (AzLEAP) awards were provided through 40 postsecondary institutions totaling over \$2.3 million in leveraged financial aid (state and institutional) to low-income students.

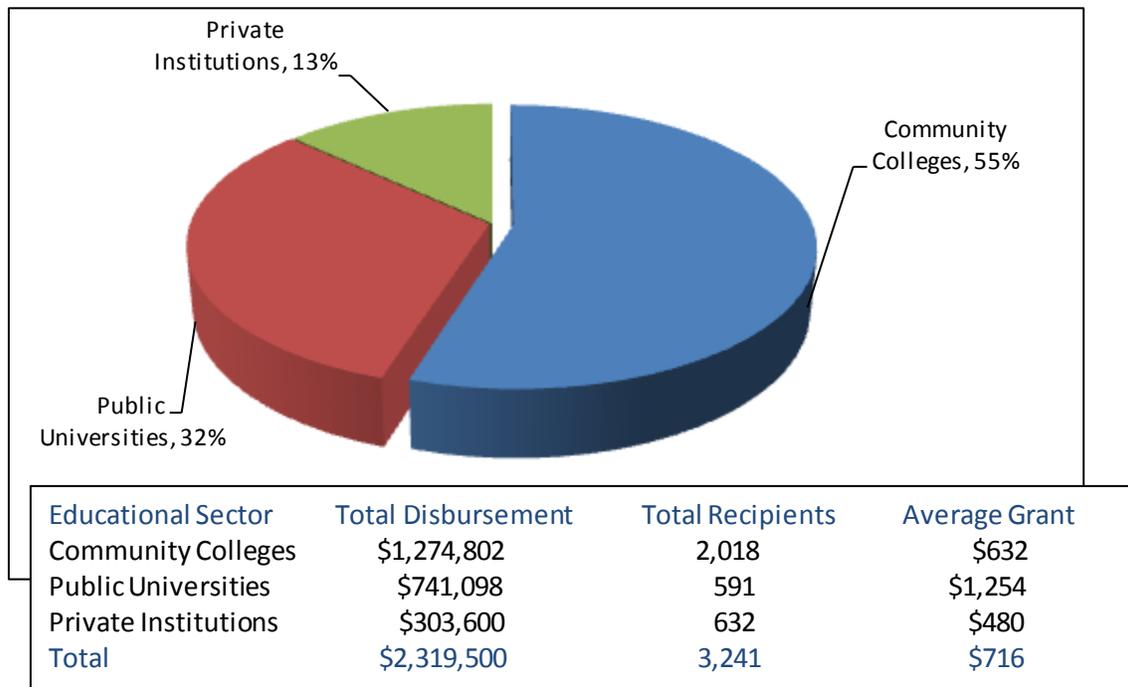
The table below provides a description for those who received awards in FY 2015.

Description of AzLEAP Recipients in FY 2015

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
3,241	\$2,319,500	1,239	2,002	1,977	854	410

It is important to note that 87% 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 was 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 2015 resulted in the following distribution percentages: 32% to public universities, 55% to community colleges and 13% to private institutions as illustrated in the pie chart below.

Distribution of AzLEAP Recipients by Institution in FY 2015



Annual AzLEAP administration performance measures were collected through surveys from institutional financial aid administrators and reviewed by ACPE staff. Based on the 2014-15 surveys, 92% 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 have the loan forgiven, 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 2015 MSSE loans were disbursed to 32 students, 18 loans to initial recipients (first time recipients) and 14 loans to continuing recipients (prior recipients). The loan recipients attended both public and private postsecondary institutions for a total disbursement of \$165,119.

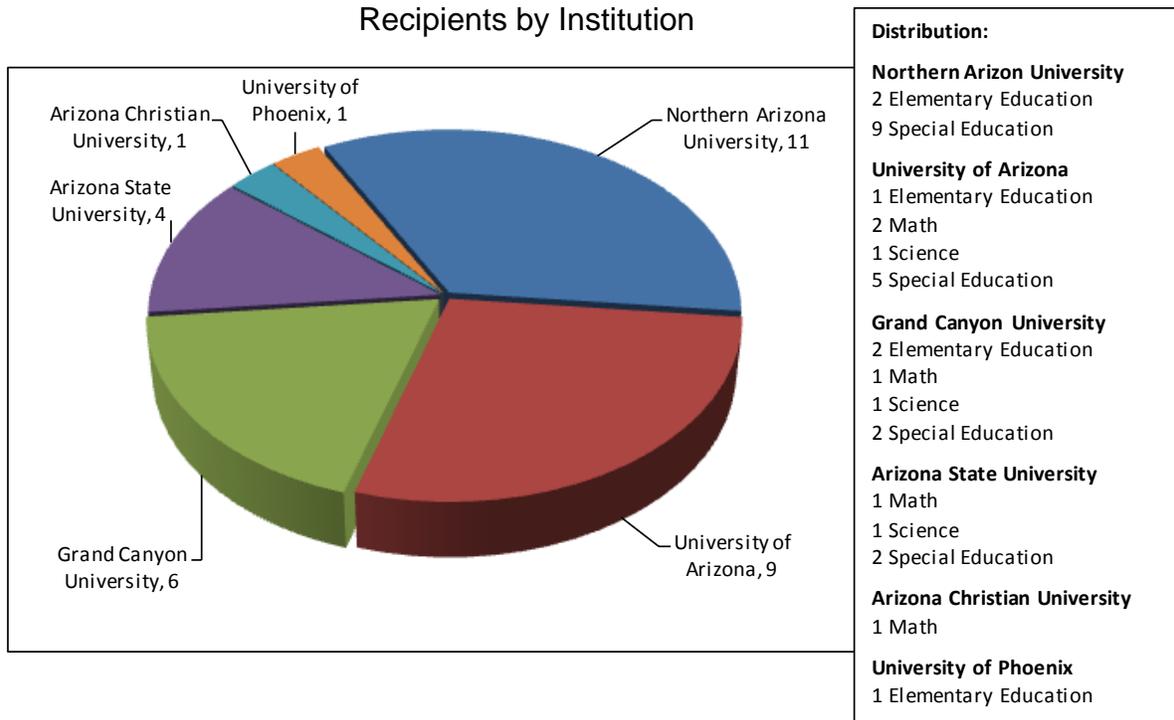
The table below provides a student profile for those who received loans in FY 2015.

MSSE FY 2015 Student Profile

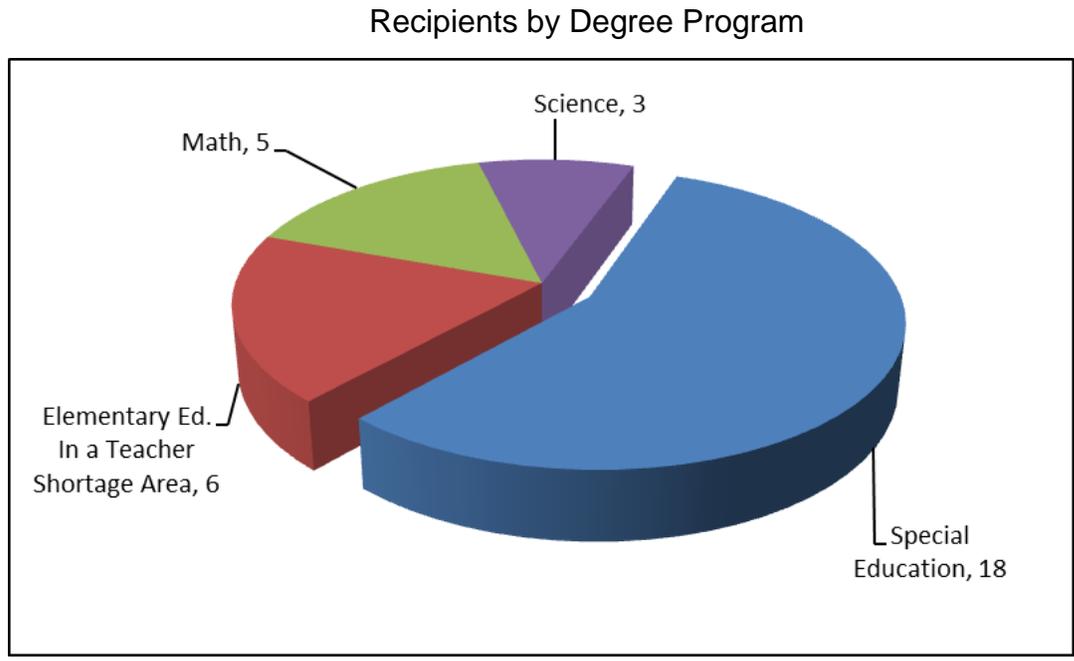
Total Applicants	Total Recipients	Total Disbursement	Average Loan Amount	Average Age of Recipients	Initial Recipients	Continuing Recipients
46	32	\$165,119	\$5,160	29	18	14

The difference between the total applicants and the total recipients is comprised of eight applicants who did not meet program requirements, five applicants not awarded due to the lack of funds, and one applicant who returned the funding.

The following pie charts represent a breakout of the institutions the 32 loan recipients attended and the recipient's degree programs.



The pie chart above represents a breakout of the institutions the 32 loan recipients attended and the pie chart below represents the recipient's degree programs.



Recipients in MSSE Program from Inception through FY 2015

Status of

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

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

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

The Commission staff believes the MSSE program provides a vehicle to shape student 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. According to a survey conducted by the Arizona School Administrators (ASA) in November 2013, seventy-nine districts who responded to the survey indicated that 62% had open teaching positions and that over 900 of the open teaching positions were filled with substitute teachers. The future may be even more dismal with 24% of Arizona's educational workforce being eligible to retire in 2018.¹

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

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

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

1.7 Student Forgivable Loan Repayment Programs

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

The Office of the Attorney General is used by ACPE for collections when normal investigative means to locate the former student are unsuccessful or when grantees have been contacted multiple times and refuse to enter the repayment program. The 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 20 borrowers are currently being tracked in the repayment program 66 have been referred to the Attorney General.

The Postsecondary Education Grant (PEG), a forgivable loan program created in the 2006 legislative session, is a non-need-based program designed to financially support and encourage students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The program requires that the student achieve a 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, 2,897 have already graduated with a baccalaureate degree within the required five year time frame. Of the remaining 1,581 promissory note holders, 1563 are reported as not enrolled or attending the last institution on file at the time of their last grant award. There are currently 18 promissory note holders still enrolled in institutions. Promissory note holders who fail to meet the requirements of the forgivable loan must enter into the repayment program.

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

All funds recouped for the PDTS and ATIP programs are forwarded to the U.S. Department of Education in December of each year. Any funds recouped by the 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) has added the responsibility of administering an additional forgivable loan program. Moreover, the ACPE acquired responsibility for the required compliance and retention tracking of the 254 students who have been granted 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, 8 have paid their loan balance in full, 33 are currently in repayment, 12 have been referred to the Attorney General's Office, 9 have had their loan forgiven, 12 have completed the tracking and the remaining 180 will require tracking for up to 15 years. The tracking requirements of MSSE students are two-fold: (1) tracking for compliance to meet the promissory note obligation (up to six years) and (2) tracking for an additional five years to determine retention rates. The MSSE program is described in its entirety in section 1.6 of this report.

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

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

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

- (1) accepts and stores FAFSA data for all Arizona resident filings awaiting its use in financial aid administration;
- (2) provides students and families a user-friendly single approach application for all grants, scholarships, and forgivable loans administered by the Commission;

- (3) ensures security compliance with FERPA and Title IV regulations related to student personal information by allowing for secure transmission and storage of data;
- (4) provides interface and communication with financial aid staff and academic personnel in more than 100 postsecondary institutions who are required to certify student eligibility factors such as verification of attendance, certification of Satisfactory Academic Progress (SAP), program of study, and other eligibility requirements;
- (5) performs back office tasks such as awarding of funds, disbursement of funds, and has the capability of monitoring students through repayment thereby reducing the manual labor necessary for the ACPE to administer student aid programs;
- (6) provides high schools and counselors with a FERPA secure portal to receive FAFSA Finish Line Reports on individual students' applications;
- (7) has the capability to provide in "real time" data to Arizona's educational leaders and policy decision makers regarding student demographics, performance, success, and behavioral barriers to continuing their education.

The ACPE is using this secure portal for the new Free Application for Federal Student Aid (FAFSA) Completion Initiative, otherwise known as FAFSA Finish Line. The Commission has requested funds for the technology required to expand this Initiative beyond the pilot high schools. The portal can provide automation of the following: 1) a search and match for the specific senior's application among more than 800,000 Arizona residents' 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 authorized entities; and 5) secure dissemination of these reports. Moreover, a secure web portal is necessary for the high school to submit lists of student information to the Commission for the data match process which results in an output report describing the progress of each student's application and if something is preventing it from moving forward to completion. The sensitive data reports are retrieved by authorized high school staff members with valid user credentials via the Commission's secure web portal at high schools which have signed a data sharing agreement with the ACPE.

The public information pages of the web portal provide important information about additional sources of financial aid beyond state aid; thereby linking students and families to important funding resources. More information about the portal and the request for expanding and sustaining its use 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. The 529 college savings plans are the single most accessible option for Arizona families to save for college and reduce reliance on student loan debt to finance a postsecondary education. In 2015, more Arizona families have reported saving for college and developing a financial plan to reach their goals.

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings (529) Program (AFCSP). In 1997, the AFCSP was established as Arizona's qualified tuition program under section 529 of the Internal Revenue Code (also referred to as a QTP or Qualified Tuition Program) and began accepting accounts in 1999. In 2004, State legislation established the Family College Savings Program Trust Fund as a public instrumentality of the State of Arizona, of which the Arizona Commission for Postsecondary Education acts as its sole trustee. All AFCSP accounts are held in trust for its participants and beneficiaries.

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

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

¹ Details of individual offerings can be found at www.az529.gov

Critical to the success of the Arizona Family College Savings (529) Program (ASFCP) is the expertise and advice from the AFSCP Oversight Committee. The AFCSP Oversight Committee, as defined by state statute, comprises 10 members with financial, tax and legal expertise. The Oversight Committee's main responsibility is to make recommendations to the Arizona Commission for Postsecondary Education, the AFCSP Trustee. The Oversight Committee makes recommendations of providers along with reviewing and advising the staff and Trustee regarding investment and operational procedures. In addition, the Oversight Committee is responsible for an extensive annual review of each provider, through both a written report and in-person presentation and interview process. Each of the providers is evaluated on their success in meeting contract identified outcomes. The current roster of the AFCSP Oversight Committee follows this section.

**Arizona Family College Saving Program Oversight Committee
Member Roster as of June 30, 2015**

Roger D. Curley

Attorney at Law
Curley & Allison LLP

Jeff Ratje

Director of Finance, College of Law
University of Arizona

Mark Swenson

Deputy Director
State Treasurer Office

Michael Rooney

Attorney
Sacks Tierney, PA

Hope Leibsohn

Attorney at Law
Sherman & Howard, LLC

Mark P. Stein

CFP
Galvin, Gaustad and Stein, LLC

Henry DeSpain

Actuary
Matthews, Gold, Kennedy and Snow, Inc.

Sally A. Taylor

CPA, CFP
Keats Connelly

David Walser

Managing Director
Grant Thornton. LLP

James Van Houten

CFP
Retired - Stonegate Financial Group,
LLC

The report titled *Accounts and Assets Under Management* following this section summarizes data as of June 30, 2015 regarding AFCSP funded accounts, Assets Under Management (AUM), as well as the contributions received by each of the three providers as part of the total Program.

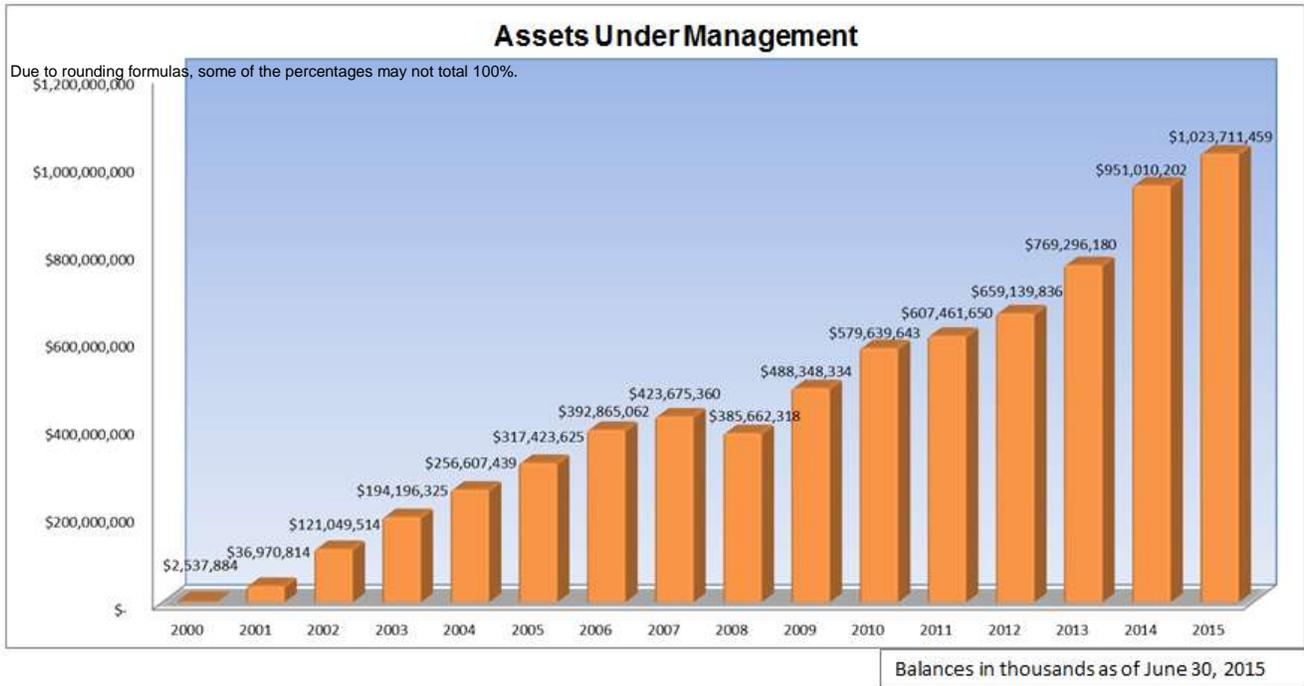
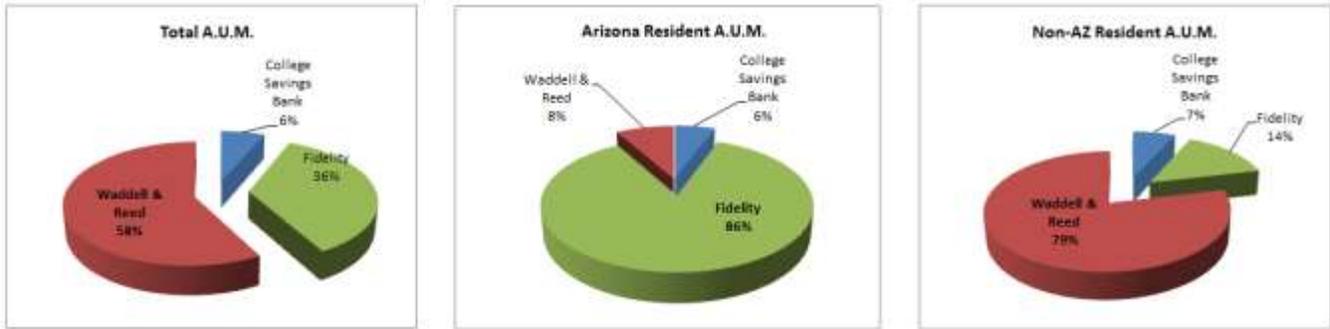
The table on the following page indicates that as of June 30, 2015, there were 77,838 AFCSP funded accounts. This represents a 6.6% increase in the number of accounts over June 30, 2014. The healthy growth in new accounts is driven by both Arizona residents as well as residents of other states, indicating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

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

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

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	\$ 65,916,374	6%	\$ 20,201	\$ 17,159,540	26%	6%	\$ 48,756,834	74%	7%
Fidelity	\$ 364,655,616	36%	\$ 11,465	\$ 259,560,016	71%	86%	\$ 105,095,600	29%	14%
Waddell & Reed	\$ 593,139,469	58%	\$ 13,868	\$ 24,785,143	4%	8%	\$ 568,354,326	96%	79%
	\$ 1,023,711,459			\$ 301,504,699	29%		\$ 722,206,760	71%	

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	3,263	4.2%	1,534	47%	6.2%	1,729	53%	3.2%
Fidelity	31,805	40.9%	20,976	66%	85.4%	10,829	34%	20.3%
Waddell & Reed	42,770	54.9%	2,041	5%	8.3%	40,729	95%	76.4%
	77,838		24,551	32%		53,287	68%	



The ACPE and its three program providers have taken measures to increase public awareness and increase accessibility of the Program for the benefit of Arizona families. These initiatives included an increased public awareness campaign promoting college savings with an AZ 529 Plan during October for Arizona’s College Savings Month, November and December for Gift Giving Season, and May for 529 Day. In addition, College Savings Bank was the first in the 529 industry to introduce a Social Gifting platform in the fall of 2014, followed by Fidelity Investments in the spring of 2015. Social Gifting enlists the help of friends and family in making college dreams a reality.

The Commission continues to ensure the strength of the Program for the benefit of investing families with a continued focus on reducing plan expenses, and working with the providers to offer improved investment offerings each year. As part of their improved investment offerings strategy, portfolio managers within the Fidelity Age-Based Portfolios were given greater discretion to add or remove funds to further enhance the quality of products to AZ 529 Plan families. On September 15, 2014, the Commission entered into a new contract with Fidelity Investments for a period of 6 years, with a one-year renewal option. Two new Oversight Committee appointments occurred during FY 2015. These multi-year appointments allow the committee to be

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

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

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

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

The Commission is committed to aiding the Governor and the state in achieving the important priorities of equal access to education, growing the economy, and opportunity for all. The state has several pools of residents who could bring us closer to this number. For example, research indicates that almost every parent holds the dream of college attendance for their child. Yet, only 54% of Arizona seniors in 2012 went on to a postsecondary education. Moreover, only 24% of the 2005-2006 senior class attained a college degree in six years. (National Student Clearing House data on ABOR website.)

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

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

First, the Commission provides current and relevant print and web-based information for college planning and decision-making to students and their families. Two methods are employed to provide this information and assistance. First, 1,368 free publications were disseminated statewide to provide current and appropriate college-going information. The Commission also hosts multiple websites which attracted 138,968 unique visits in FY 2015. Online information is especially attractive to the adult learner. Each website is designed to provide specific and timely college-going information to the public including financial aid literacy, FAFSA completion, and a web-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 FAFSA Financial Literacy Initiative; the Arizona College Application Campaign, and the FAFSA Finish Line Report Pilot Project which was successfully undertaken in 2015. Each of these efforts is designed to add to the knowledge base, provide tools to professionals who guide low-income students and families in educational planning, and develop a college-going community.

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 education 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 critical applications for their future.

College Goal Arizona has three goals:

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

This approach works 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 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 statewide initiative with three main goals: (1) increase the number of low-income students who apply to at least one postsecondary education opportunity during their senior year in high school, (2) support and enhance existing high school efforts that encourage all students to have a postsecondary plan and take timely steps toward postsecondary education opportunities and success, and (3) contribute to a college-going community within and among the school staff, the student body and their families, and the community. The campaign is inclusive of all sectors of public and private postsecondary education, with the objective of fostering a 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 previous years.

The FY 2014 campaign was very successful. Forty-five high schools serving 12,825 seniors participated in the 2014 Arizona College Application Campaign 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 6,920 applications were filed during the AzCAC events and remarkably, 2,690 students filed an application for the FIRST time during the event.

The Commission staff members worked with postsecondary institutions and the Advisory Committee to evaluate the 2013 pilot project and then used the data along with lessons learned from 2013 to plan and to implement the 2014 campaign. Similar evaluation and planning were used to prepare for and implement the November 2015 campaign. The outcomes and the data will be presented to the Advisory Committee in January 2016 for review and input. The Commission is currently seeking outside funding to continue this time intensive and highly valuable work for 2016 and beyond.

The Commission will also continue to promote the College Application Campaign on the College Goal Arizona website developed in June of 2015. The website has since received 31,382 unique visits.

2.1.B. College Goal FAFSA Financial Literacy Initiative

Arizona's College Goal FAFSA (CG FAFSA) Financial Literacy Initiative is a sponsorship and grant-funded statewide financial literacy initiative that provides free information and professional assistance to Arizona students and families seeking student financial aid for postsecondary education experiences. The Arizona Commission for Postsecondary Education has planned and coordinated the Initiative for the past 19 years. The mission of the CG FAFSA Financial Literacy Initiative is to increase the number of low-income, under-represented and first-generation students entering postsecondary education.

The goals of the College Goal FAFSA Financial Literacy Initiative are to:

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

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

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

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

- 1) financial assistance is available to help pay for college costs,
- 2) the FAFSA is the first step in applying for financial assistance,
- 3) it is necessary to file the FAFSA early in order to be considered for all available aid, and
- 4) there are additional steps to take after filing the FAFSA.

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

The Commission promotes literacy providing accurate and timely information related to financial aid on both the College Goal Arizona (CGA) and AZGrants websites. Line-by-line instructions on how to complete the FAFSA are included on the CGA website to help students and their families who could not attend an in-person event. In 2012 the Commission added a social media (Facebook) component to the financial literacy campaign. Social media is one of the best ways to reach high school seniors. In FY 2015 the College Goal Sunday Facebook page was renamed to College Goal Arizona and received just under 1,100 “likes”.

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

The annual community in-person workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2015, College Goal FAFSA was held in 20 Arizona communities across the state on February 7th and 8th. On these two days, more than 230 volunteer financial aid professionals from Arizona’s colleges/universities mobilized to assist returning adults and high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Close to a 700 students and parents attended the 2015 community workshops.

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

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

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

Additionally, the high school FAFSA completion workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2015, College Goal FAFSA was held in 7 Arizona high schools across the state in February. Through these workshops high school counselors and staff, along with volunteer financial aid professional from Arizona’s colleges/universities mobilized to assist high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Close to 300 seniors and parents attended the 2015 high school workshops.

2.1.B4. FAFSA Finish Line Project

The Arizona Commission for Postsecondary Education has an opportunity to support high school professionals and senior students in a very important issue. The Commission is the designated agency in Arizona to lead the Free Application for Federal Student Aid (FAFSA) Finish Line. This initiative allows the Commission, to disclose limited information about individual students' FAFSA applications to authorized entities with the purpose of the high school or entity 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 regarding the status of high school seniors' FAFSA applications. In addition, a data sharing agreement between the Commission and the school, district, or authorized 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.

In FY 2015, the Commission undertook a FAFSA Finish Line pilot project which included 8 high schools. Four of the 8 high schools actively participated and achieved increases of 7 to 13 percentage points over prior year FAFSA completion rates.

A Decision Package was submitted with the ACPE Budget Request seeking the funding necessary to embark on this effort. The delivery of the FAFSA Finish Line reports requires a software program that accomplishes the following activities:

- 1) a search and match for the specific senior's application among more than 800,000 Arizona residents' 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 authorized entities; and
- 5) secure dissemination of these reports.

A secure web portal is necessary for the high school to submit lists of student information to the Commission for the data match process which results in an output report describing the progress of each student's application and if something is preventing it from moving forward to completion. The sensitive data reports are

retrieved by authorized high school staff members with valid user credentials via the Commission's secure web portal.

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

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

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

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

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

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

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

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

Emphasis is put on marketing and distributing the ACCG to Title I high schools. In addition to the Title I high schools, GEAR UP, Workforce Connections, Vocational Rehabilitation offices, Tribal Vocational/Education offices, and Correctional Institutions also receive the *Arizona College and Career Guide* free of charge to use with their students and clients. In FY15, over 448 copies of the ACCG were distributed. 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. The online version had a total of 3,303 unique visits in FY15. 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.

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

With the implementation of Drupal as the State's new content management platform the www.azhighered.gov website has now become www.highered.az.gov. This website serves as a resource for links to information about educational agencies and institutions, financial aid, college savings programs, and a myriad of local and national resources for parents, students, and the public seeking sources of information regarding higher education. It is the portal through which the public can easily access the information in the ACCG, the Arizona 529 Plan, AMEPAC reports, Arizona grants, and College Goal Arizona. Information regarding Commission, AMEPAC, and Arizona Family College Savings Program Oversight Committee public meetings are also located on this site. The website received 28,685 unique visits during FY 2015.

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 has also been changed due to the use of the Drupal platform. It is now www.azgrants.az.gov. This website is an easy to use, single secure portal, for students to access information. Since 2006, there have been 8 grants and their appropriations supported by this portal. During FY 2015, the website received 38,971 unique visits.

The portal fills several critical needs:

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

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

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

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

2.2.E. College Goal FAFSA

As part of the Drupal conversion through ASET, College Goal FAFSA is now located under the umbrella site <https://collgegoal.az.gov>. College Goal FAFSA, formerly College Goal Sunday, provides accurate and timely information related to completing the FAFSA as well as financial literacy information. Students and their families, who could not attend an in-person workshop, can find line-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 how to prevent identity theft. This portal also provides handouts and marketing materials for CG FAFSA site coordinators hosting in-person events. During FY 2015 this site received 12,472 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. This website provides help for middle class families as they prepare to bear the costs of college for themselves and/or their children. Here, parents and other family members can learn about tax-advantaged ways to save for a college education.

Especially popular on this website, and also available in print, is the College Savings Planner which provides information on the college costs for 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 2015 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 29,662 unique visits between July 2014 and June 2015. The increased public awareness efforts continued through the growth of the Arizona 529 Program's social media efforts which resulted in 4,591 Facebook likes as of June 2015.

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

The Arizona Minority Education Policy Analysis Center website, www.amepac.org has been integrated into the ACPE website now hosted at <https://highered.az.gov/amepac>. It currently showcases the policy analysis studies and current research reports commissioned by AMEPAC and the Commission. These studies and reports can be downloaded from this site. AMEPAC research is discussed under Goal 3. During FY 2015 this site received 6,485 unique visits.

2.2.H. 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 11 years, ACPE has provided editorial direction for the *Phoenix Magazine* special higher education section published in the magazine's August edition. This opportunity provides information for families across the state to learn more about higher education by featuring articles about the innovative programs and degrees offered throughout Arizona. *Phoenix Magazine* subscribers and news stand sales total 76,000.

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

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

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

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

3.1 Arizona Minority Education Policy Analysis Center (AMEPAC)

The mission of the Arizona Minority Education Policy Analysis Center (AMEPAC) is to stimulate through studies, statewide discussion, and debate 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 task forces to consider pressing issues related to the mission. Research can be viewed at www.highered.az.gov/amepac

In late 2014, AMEPAC developed a strategic plan to continue its mission of conducting policy research and analysis and promotion of public discourse through its research. AMEPAC reviewed the budget, established a fundraising plan, and discussed its next research publication, the 6th Edition of the Student Minority Progress Report.

In 2015, members prepared an RFP detailing the scope of work and began the quest for a researcher. AMEPAC contracted with Dr. Jeffrey Milem from the Center for the Study of Higher Education at the University of Arizona. AMEPAC members also created two Sub-Committees to oversee the research and craft policy recommendations. A timeline was established with the goal of presenting the findings at the 2015 Developing Arizona's Human Capital Conference.

The report provides not only a snapshot of Arizona's educational achievement with the most recent data available in the form of easily identifiable and understandable charts and tables but also includes trend analysis, county data, graduate program data and policy recommendations. The 2015 report represents the sixth in a series of reports. Earlier iterations of this study were issued in 2003, 2005, 2007, 2009, and 2013. 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.

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

The Commission's 12th higher education conference, titled *Developing Arizona's Human Capital: the Art and Science of Innovation*, was held on November 12 and 13 of 2015 at Tempe Mission Palms. More than 165 participants attended including policymakers, education, foundation, and business leaders. Participants comprised 9% community college/college/university presidents, 48% community college/college/university senior administrators, 10% nonprofit presidents/executive directors, 4 nonprofit senior administrators, 2 governing board member/trustees, 6 legislators/staff/Governor's Office, and 2 presidents/CEO's of companies, agencies, and foundations. In addition, 9 sponsors made the conference registration affordable and also provided funding for exceptional speakers.

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

Other topics presented on the first day included "*Vision 2015: Arizona Comes of Age*" by Dr. Lattie Coor; "*A Five Point Plan: Making an Impact in the Community*" presented by President Brian Mueller, Grand Canyon University; "*Policy and Recommendations to Erase the Achievement Gap: New Data and Conversation*" presented by Dr. Jeffrey Milem, University of Arizona and AMEPAC members; "*Advancing the Economy through Attainment*" by Rich Nickel and Darcy Renfro; "*A New Policy Framework for Arizona Student Financial Aid*" presented by Dr. James Rund, Dr. April Osborn, and Cassidy Possehl; and "*Promoting Pathways to Economic Success*" offered by Dr. Amanda Burke from the CFA, Roxanne Boxer from the Arizona Commerce Authority and Dr. Randy Kimmens, MCCD.

On the second day Commissioner Ed Vasko moderated a panel including Jacqueline Smith from ASU, Dr. Gene Giovannini from Maricopa Corporate College, Dr. Amanda Burke, and Chris Camacho CEO of GPEC on the topic of "*Rewiring Arizona's Labor Market*". Midmorning, Representative Bob Worsley, Representative Bob Thorpe, and Dawn Wallace, the Governor's Education Policy Advisor, presented *Looking to 2016: The Legislative and Policy Agenda for Postsecondary Education.* The conference concluded with Ann Meyers Drysdale, Vice President of the Phoenix Suns and the Mercury presenting "*Lessons from Life and Building a Winning Team*".

Other conference highlights included the presentation of the 12th *Pathways to Postsecondary Education Awards* to outstanding college access programs representing K-12, postsecondary education, business, community, and public/private partnership.

The total conference evaluation was rated as 4.4 out of 5.0 by those attending. Outcomes of the conference include a white paper that is planned to be published by the Student Financial Aid Task Force outlining a new policy framework for Arizona Student Financial Aid. In addition, the Arizona Board of Regents has called together a working group to address “Advancing Arizona’s Economy through Educational Attainment” with the Commission as a partner in this discussion.

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. At times the Commission itself identifies issues or barriers for students that warrant investigation. In April of 2014 the lack of student financial aid became such a topic and the Commission formed a Student Financial Aid Task Force and key stakeholders were invited. The group met and identified the following mission and goals.

Student Financial Aid Task Force 2015

Mission/Goals

Mission Statement: The Task force will raise awareness of and support for solutions to financial barriers to postsecondary education access and attainment for low-income students

Goals:

- 1) Define the parameters of the financial barriers to postsecondary education access for low-income students and its effects on the state.
- 2) Increase the stakeholder groups which are informed about and supportive of solutions to the financial barriers to postsecondary education for low-income students and its effects on the state.
- 3) Develop potential targeted solutions to the financial barriers to access and attainment in postsecondary education for low-income students.

This group, led by two Commissioners, Drs. Shouan Pan and James Rund, met three times and the executive group is currently working with a potential funder to write and publish a paper that examines the issue.

All initiatives led by ACPE staff and Commissioners as described in Goals 2 and 3 rely on partnerships and collaboration both for funding and execution. These initiatives

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

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

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

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

Conclusion

This report reflects the 2015 outcomes of the strategic plan initiated by ACPE Commissioners. It also outlines the limitations posed due to the budget reductions for achieving the goals and statutory responsibilities 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 80% and the elimination of federal LEAP, and SLEAP, grant funding. An additional loss was that of the last two of five years funding through the College Access Challenge Grant by the state due to a failure to meet the Maintenance of Effort requirement when the Governor’s Office request for a waiver was denied. Just under \$3 million was lost in both 2015 and 2016, including \$1 million dollars for each of those two years dedicated to student scholarships. The figures below represent the student aid disbursed by the ACPE in FY 2010 through FY 2015, reflecting a \$4.3 million loss to student aid.

Historical Review of ACPE Student Aid Programs

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

The loss of 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. Meanwhile, the funding for the Postsecondary Education Grant (PEG) and the Private Postsecondary Financial Assistance Program (PFAP) remains on suspension.

To begin to address these issues and others arising from the budget cuts, Decision Packages have been submitted by the Commission with the FY 2017 Budget Request to undertake and fund several important opportunities including:

- funding of annual software update costs, maintenance and hosting of a secure web portal, and one FTE to successfully provide to high schools and counselors College Application and FAFSA Finish Line Reports,
- expanding the successful Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) Program and providing one FTE in order to address Arizona’s teacher shortage in high need subject areas,
- reinstating a reduced level of funding for 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 PEG and PFAP college completion grants and an increase of funds and staff available for the Math, Science, and Special Education Teacher Loan Forgiveness (MSSE) Program. All three financial assistance programs are designed to reward students in 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 and current thinking of need from the Commission's Student Financial Aid Task Force to help shape new programs which will lead to increased degree completion rates.

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

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

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

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

Finally, the forum provided by the Arizona Commission for Postsecondary Education promotes dialogue and identification of common issues among all sectors of higher education. The Commission seeks venues to spawn dialogue, partnerships, and solutions to issues of mutual interest across sectors of postsecondary education. These goals are supported through policy analysis and research, collaborative action led by ACPE staff, and collaborative participation in college access initiatives which are offered by foundations, government, businesses, or non-profit entities with similar 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. It is with focus and energy that the Commission and staff endeavor to fulfill this mission and achieve these goals which will assist the state and Governor Ducey move forward with his priorities of equal access to education, growing the economy, and opportunity for all.