

**ARIZONA COMMISSION FOR  
POSTSECONDARY EDUCATION**

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

**ANNUAL REPORT**

**FISCAL YEAR 2016**



## Arizona Commission for Postsecondary Education

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December 23, 2016

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

I respectfully submit the enclosed FY 2016 annual report on behalf of the Arizona Commission for Postsecondary Education (ACPE). A planning process undertaken by the 16 Commissioners identified an agency mission. Therefore, the work of the Commission is directed toward and measured against *expanding access and increasing success in postsecondary education for Arizonans*.

FY 2016 brought continuing financial challenges and additional opportunities to the ACPE. Challenges faced by the Commission include a sustained 80% reduction in the ACPE general funds appropriation as compared to FY 2008. Sadly, because the core responsibilities of the Commission focus upon student financial assistance, this loss of financial aid affects the education potential of nearly 20,000 students who in years past would have received financial assistance through ACPE administered grants or scholarships.

In contrast, the Arizona Family College Savings (529) Program has experienced consistent and steady growth. As of June 30, 2016 the AFSCP held more than \$1.05B in assets and nearly 82,000 accounts were in place to pay for college expenses. As Arizona's Qualified Tuition Program (QTP) the Arizona Family College Savings (529) Program provides an important opportunity that helps families prepare to pay for college. A modest state income tax deduction initiated in 2008 and increased in 2012 encourages families to save.

The report also describes the Commission's leadership in building a statewide network of high schools committed to a college-going culture through College and Career Goal Arizona (C2GA). This work is taking place through the Commission's coordination and integration of three programs: 1) the Arizona College Application Campaign, 2) the College Goal FAFSA Completion Initiative, and 3) the FAFSA 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 2016 more than 132,135 unique visits were made to ACPE websites. The ACPE also distributes to families and students free print publications that assist in college planning, understanding financial aid processes, and important deadlines including the *College Savings Planner* and the *Arizona College and Career Guide*.

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

Two Decision Packages have been submitted by the Commission with the FY 2018 Budget Request. Both are designed to advance educational equity and to diminish the achievement gap experienced by low-income and minority students through:

- assisting students statewide to complete their FAFSA applications by providing FAFSA Finish Line reports to high school counselors, allowing targeted follow-up, and
- 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 and to improve retention of new teachers.

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

Respectfully Submitted,



Dr. April L. Osborn, Executive Director

cc: Catcher Baden, Senate Education Research Analyst  
Matthew Simon, Senate Policy Advisor  
Brenden Foland, House Education Policy Advisor  
Sharon Carpenter, House Education Committee Research Analyst  
Morgan Dorcheus, JLBC Fiscal Analyst  
Katie Simmons, OSPB Budget Analyst  
Marilyn Howard, Librarian – Metadata and Access Services

**The Arizona Commission for Postsecondary Education (ACPE)  
FY 2016 Annual Report**

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

Submitted December 22, 2016  
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 six 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 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 2016 represented flow-through funds dedicated to student grants and scholarships. In contrast, in FY 2008 the student financial assistance dollars were \$7.5M. This table reflects additional ACPE budget reductions in student grant/scholarship programs over the past six years.

### Historical Review of ACPE Student Aid Programs

Fiscal Year	2011	2012	2013	2014	2015	2016
Total Aid Disbursed	\$ 3,711,781	\$ 3,511,920	\$ 4,178,488	\$ 3,521,142	\$ 2,484,619	\$ 2,483,125
% Decrease compared to FY 2008	-51%	-53%	-45%	-53%	-67%	-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. It is important to note that at the close of FY 2010 the ACPE had a waiting list of an additional 8,799 students who were seeking financial aid, even when these grants were available.

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

Again in 2016 there was a great deal of Commission activity regarding Goal 2 which calls for the Commission to provide support from knowledgeable professionals as well as accurate and timely information to help students and families take steps to enroll, finance, and succeed in postsecondary education. Three initiatives which stem from the success of the Commission’s long-standing College Goal Sunday Statewide Financial Literacy Initiative have been established within the Commission in support of building a college-going culture statewide. These include:

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

- a renewed focus on workshops at the high schools for College Goal FAF\$A Financial Literacy Initiative, in partnership with AASFA (Arizona Association of Student Financial Aid Administrators), thus supporting both community and high school FAFSA Completion Workshops statewide, and
- assisting high schools address the Early FAFSA (Free Application for Federal Student Aid) and providing FAF\$A Finish Line Reports to high school counselors, allowing increased completion of FAFSA for seniors through individualized targeted interventions.

The third and final goal, providing a forum for all sectors of higher education to dialogue, partner, and problem solve issues of mutual interest remains important to Commissioners and staff members. This goal is forwarded through policy analysis and research, collaborative action led by ACPE Commissioners and staff members, and Commission participation in college 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 2015 – 2016**  
Arizona Commission for Postsecondary Education

Commissioners

**Darin Bargaen**

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

**Heidi Doxey**

Director of Programs and Agency Operations

**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.

Over the past six 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), ceased in 2016, amounts varied up to \$5M/year;
  - a. Special Postsecondary Education Grant, \$540,000 designed to meet Maintenance of Effort (MOE) requirements, ceased in 2014;
3. Early Graduation Scholarship Grant, amounts varied up to \$4.8M, ceased in 2013;
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, ceased in 2014;
5. Arizona Leveraging Educational Assistance Partnership (AzLEAP), currently \$2.3M/year;
  - a. Leveraging Educational Assistance Partnership (LEAP), federal match ceased in 2012, amounts of approximately \$500,000/year;
  - b. Special Leveraging Educational Assistance Partnership (SLEAP), ceased 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. The Arizona Family College Savings (529) Program;
8. PFAP, PEG, and MSSE student forgivable loan repayment programs; and
9. AZGrants Student Financial Assistance Web Portal.

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

Funding for the Private Postsecondary Education Student Financial Assistance Program (PFAP) was placed on suspension in 2010 and the program remains suspended. The Early Graduation Scholarship Grant (EGSG) ceased in 2013. Additionally, the Special Postsecondary Education Grant (Special PEG) and the College Access Challenge Last Stretch Scholarship (CAC Last Stretch) ceased in 2014. The Postsecondary Education Grant (PEG) was terminated in 2016. 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 to increase persistence and motivation to complete a baccalaureate degree.

The average age of PFAP recipients was 31, 28 for PEG, and 32 years of age for Special PEG.

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 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 completion. Unfortunately, FY 2014 was the last year of funding for the Last Stretch Scholarship due to the denial of Governor Brewer’s request for 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 fourth 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, to better serve the eligible pool of Arizona teachers-in-training, the ACPE requests one FTE, one computer, and an additional \$562,400 in its FY 2018 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 Program (PFAP), A Forgivable Loan - Suspended**

The Arizona Private Postsecondary Education Student Financial Assistance (PFAP) program was initiated in the spring of 1996. This student-centered program was designed to encourage Arizona community college graduates 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. FY 2010 was the last year forgivable loans were awarded in this program. The ACPE awarded 161 students for a total of \$275,000.

The Commission continues to focus on the remaining 10 promissory note holders who are in repayment. Information on PFAP repayments can be found in section 1.7 titled *Student Forgivable Loan Repayment Programs*.

### **1.2 Postsecondary Education Grant (PEG), A Forgivable Loan - Ceased**

The Postsecondary Education Grant (PEG) program, created in the 2006 legislative session, is a student-centered, non-need based forgivable loan designed to financially support and encourage Arizona resident students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The maximum grant is \$2,000 per

year for up to four academic years (eight semesters/terms). These funds must be used for tuition, books and fee expenses. Students must obtain a bachelor's degree within five years after the first PEG disbursement. If a student does not obtain a bachelor degree within five years or does not enroll for a period greater than twelve months, the grant becomes a loan that the borrower must repay and enter into a repayment program.

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

### Historical Review of the Program

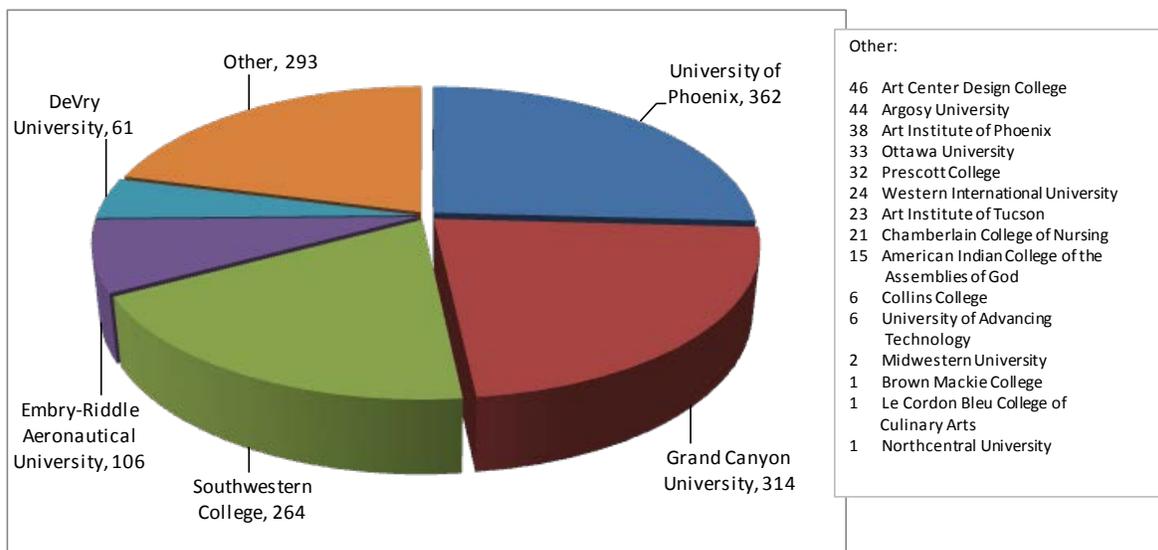
FY 2010 was the last year forgivable loans were awarded in this program. The ACPE awarded 1,400 students for a total of \$2,242,678 and after funds were exhausted, there were an additional 2,627 students on the waiting list. The table below provides an illustration of the students who benefited from this forgivable loan program.

#### Demographics of Postsecondary Education Grant Recipients 2009-2010

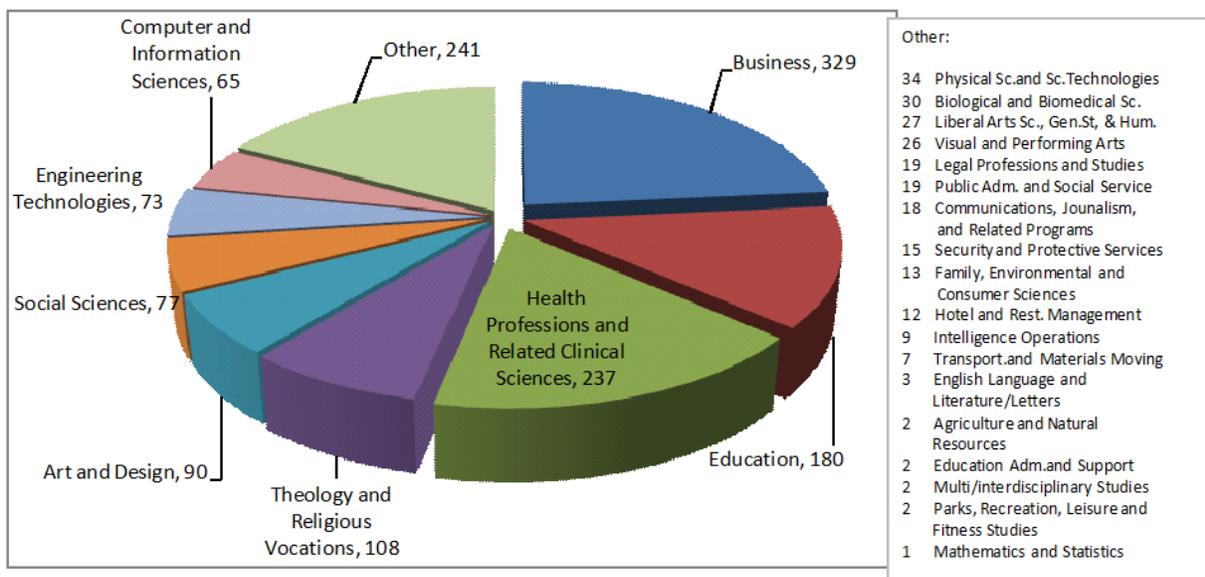
Total Recipients	Students on Waiting List	Initial Recipients	Priority Recipients	Total Disbursement	Average Age of Recipients	Average Family Income	Expected Family Contribution	Average Grant Amount
1,400	2,627	792	608	\$2,242,678	28	\$55,408	\$9,449	\$1,602

The pie charts on the following page illustrate the institutions attended and programs of study (majors) selected by recipients in the PEG program for FY 2010.

### Recipients by institution



### Recipients by Degree Program



More than 4,000 recipients benefited from the PEG program during its short existence (FY 2006 – FY 2010). The Commission has confirmed that over 3,100 recipients have already graduated from a private college or university and had their loan forgiven. Unfortunately, the PEG program was suspended in FY 2011. The abrupt and unexpected loss of these funds due to the recession suggest there will be higher rates of dropouts and more students requiring additional time to achieve degree completion. According to the promissory note, dropping out or missing the required graduation date would result in a student's obligation to repay all funds received.

The Commission staff is researching contracting with third-party vendors and in the meantime has begun the loan repayment process. Steps in the process include inquiry

of institutional 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 would be required for 10 to 15 years. Currently 1093 recipients are in repayment.

The PEG program was an important state student financial aid program. This innovative program was designed to provide accountability and also act as an incentive for students to persist to a degree in a private college or university, thus saving the taxpayers money. Ironically, the expiration of this program occurred at a time when Achieve60AZ is focused on generating greater awareness of the importance of increasing Arizona's level of educational attainment while building support to improve college entry and completion; boost adult education and training; and fuel a pipeline of competitive talent for Arizona's employers. Achieve60AZ's goal cannot be achieved without a significant increase in the number of adult students (25 and older) who earn a degree or credential. Only 42% percent of Arizona residents have completed a 2-year or 4-year degree, or received a non-degree credential (U.S. Census Bureau American Community Survey, 2014 1-year PUMS Person File and the Arizona Board of Regents estimate of the Arizona adult population 25-64 years of age with a certificate but no greater education award, 2016). The PEG program was one of the few student aid programs that served this particular population.

Fiscal year 2016 was the last year of the PEG program, due to the July 1<sup>st</sup>, 2016 program expiration. The program was an important state financial aid program. The Commission continues to foresee the need of programs such as PEG in the future to help meet State educational goals.

### **1.3 Special Postsecondary Education Grant (SPEG), A Forgivable Loan - Ceased**

The Special Postsecondary Education Grant (Special PEG) program was created in FY 2013, to financially support and to encourage college students to graduate from a private postsecondary baccalaureate degree-granting institution in Arizona while strengthening the private higher education sector. The maximum grant (forgivable loan) was \$2,000 per year for up to two academic years. Funds 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.

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) ceased.

#### **1.4 College Access Challenge Grant Last Stretch Scholarship - Ceased**

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

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

More than 1,300 students benefited from the College Access Challenge Last Stretch Scholarship since its inception. In FY 2014 the College Access Challenge Last Stretch Scholarship ceased.

#### **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 2016 was the fifth 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 2016, two thousand nine hundred seventy one (2,971) Arizona Leveraging Educational Assistance Partnership (AzLEAP) awards were provided through 44 postsecondary institutions totaling over \$2.3 million in leveraged financial aid (state and institutional) to low-income students.

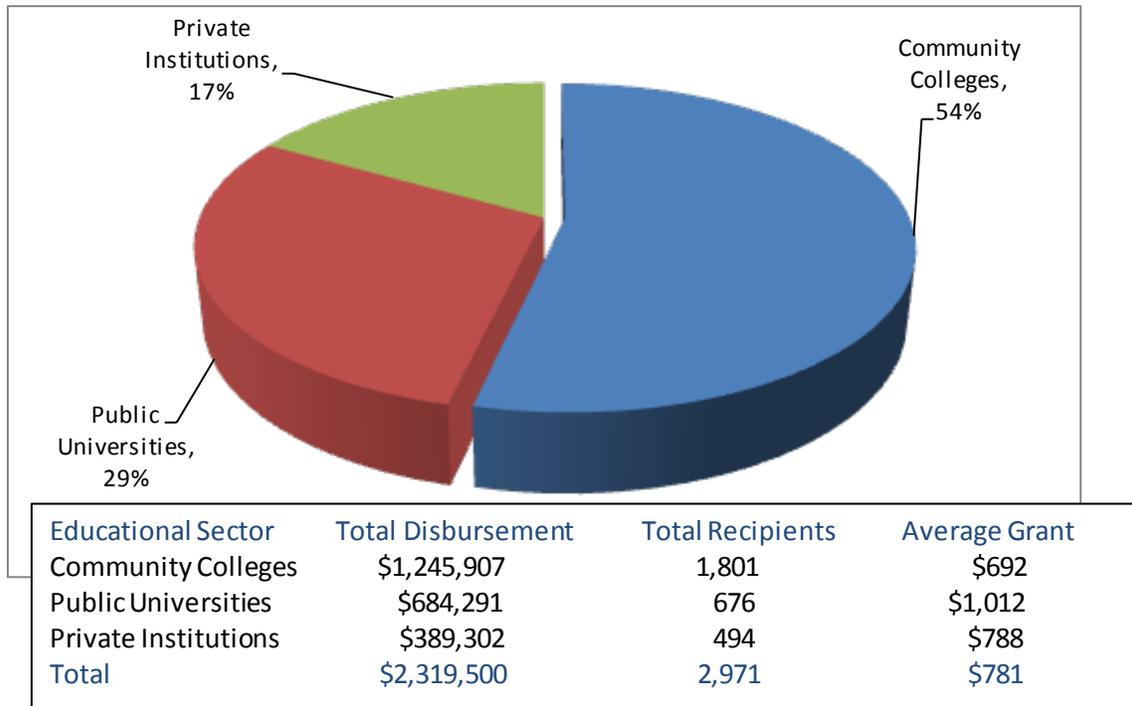
The table below provides a description of those who received awards in FY 2016.

**Description of AzLEAP Recipients in FY 2016**

<b>Total Recipients</b>	<b>Total Disbursement</b>	<b>Dependent Recipients</b>	<b>Independent Recipients</b>	<b>Recipients w/Income Less than \$19,999</b>	<b>Recipients w/Income Between \$20,000 and 39,999</b>	<b>Recipients w/Income Over \$40,000</b>
2,971	\$2,319,500	1,182	1,789	1,801	801	369

It is important to note that 88% of the recipients had incomes below \$40,000 with over 60% of the total recipients reporting incomes under \$20,000. The percentage of students whose incomes reported was less than \$19,999 illustrates the need is still present for this financial aid program. Institutional distribution of AzLEAP awards in FY 2016 resulted in the following distribution percentages: 29% to public universities, 54% to community colleges and 17% to private institutions as illustrated in the pie chart on the following page.

## Distribution of AzLEAP Recipients by Institution in FY 2016



Annual AzLEAP administration performance measures were collected through surveys from institutional financial aid administrators and reviewed by ACPE staff. Based on the 2015-16 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 in a public K-12 school in Arizona for the number of years they received the loan funding plus one year. The selected subject areas are math, science, special education, or elementary education in a geographic area in the state experiencing a shortage of teachers. Students who do not meet the forgiveness criteria must repay the loan funds plus any interest.

In FY 2016 MSSE loans were disbursed to 26 students, 13 loans to initial recipients (1<sup>st</sup> time recipients) and 13 loans to continuing recipients (prior recipients). The loan recipients attended both public and private postsecondary institutions for a total disbursement of \$163,625.

The table below provides a student profile for those who received loans in FY 2016.

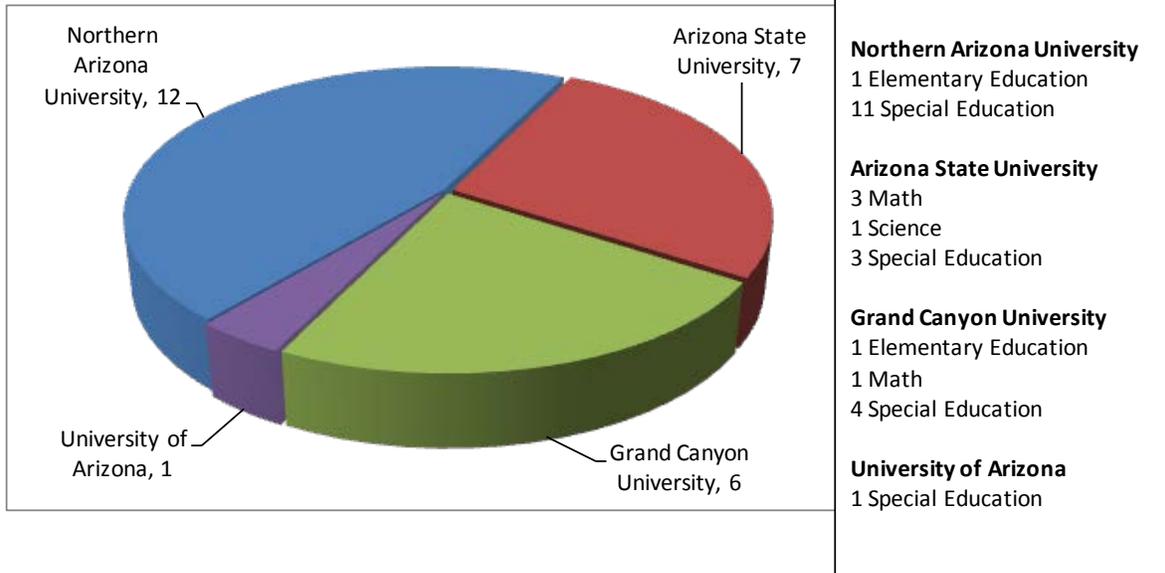
**MSSE FY 2016 Student Profile**

<b>Total Applicants</b>	<b>Total Recipients</b>	<b>Total Disbursement</b>	<b>Average Loan Amount</b>	<b>Average Age of Recipients</b>	<b>Initial Recipients</b>	<b>Continuing Recipients</b>
<b>49</b>	<b>26</b>	<b>\$163,625</b>	<b>\$6,293</b>	<b>30</b>	<b>13</b>	<b>13</b>

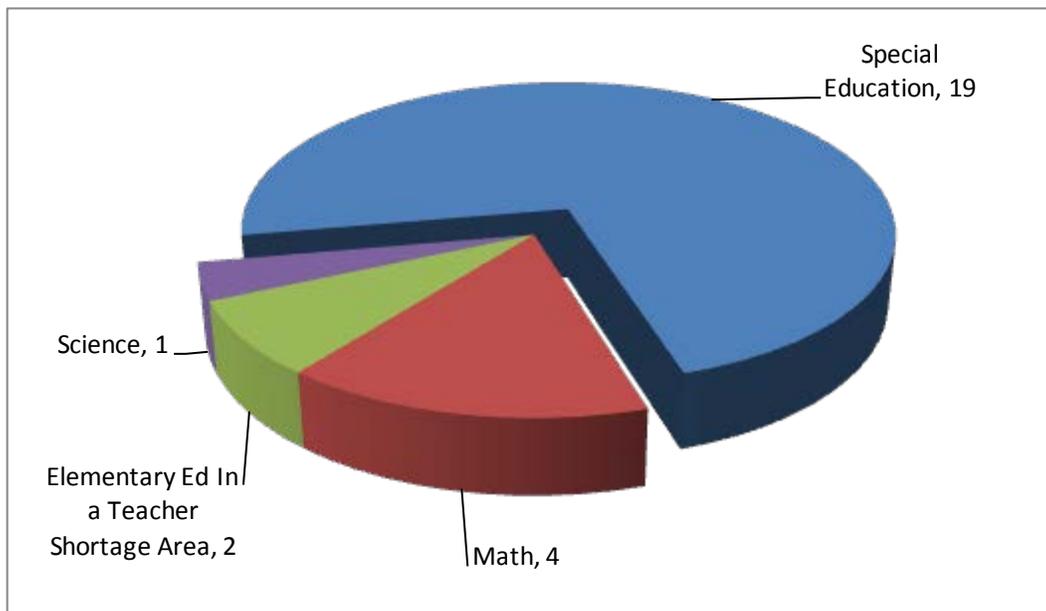
The difference between the total applicants and the total recipients is comprised of ten applicants who did not meet program requirements and thirteen applicants not awarded due to the lack of funds.

The pie charts on the following page represent a breakout of the institutions the 26 loan recipients attended and the recipients' degree programs.

### Recipients by Institution



### Recipients by Degree Program



### Status of Recipients in MSSE Program from Inception Through FY 2016

Tracking responsibilities are significant for the MSSE Program for 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 2016,

275 students have participated in the MSSE Program since inception in 2007. Below is a listing of the current status of the recipients.

- 26 are still enrolled in a postsecondary institution
- 14 are in their twelve month grace period (allowed by statute)
- 22 are currently teaching in a public K-12 school in Arizona
- 72 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
- 37 have had their loan forgiven for completing their teaching service and are no longer teaching
- 41 are currently in repayment
- 16 have had their loan repayments referred to the Attorney General
- 10 have paid their loan balance in full
- 31 have completed the retention tracking cycle

In FY 2017 the Commission will continue collecting the five year teacher retention data for the 115 individuals whose loans have been forgiven through teaching.

The following is a list of the public K-12 schools in Arizona at which the 22 currently teaching loan recipients are employed.

**K-12 Schools where MSSE Graduates Served  
their Teaching Obligation in FY 2016**

<b>School</b>	<b>City</b>	<b>Subject Taught</b>
Dobson High School	Mesa	Special Education - Eng SLD
Sahurita High School	Sahuarita	Special Education
Buckeye Union High School	Buckeye	Science
Mesa View Elementary	Chinle	Special Education
Peoria Accelerated High School	Peoria	Math
Coconino High School	Flagstaff	Math-Science
Vista Grande High School	Casa Grande	Special Education
Thunderbird High School	Phoenix	Special Education
Patterson Elementary School	Mesa	Special Education
Show Low Jr High	Show Low	Math
Mountain View High School	Mesa	Science

The list of public K-12 schools continues on the following page.

School	City	Subject Taught
Primavera Online High School	Chandler	Math Resource
TG Barr	Phoenix	Special Education
Centennial Elementary	Tucson	Math/Science
Montebello	Phoenix	Science
Alta Loma Elementary	Peoria	Special Education
Sunnyslope High School	Phoenix	Biology
Cholla High Magnet School	Tucson	Science
Academia Del Pueblo	Phoenix	Elementary Subjects
Sunrise Mountain High School	Peoria	Math
Esperanza Elementary School	Tucson	Special Education
Vista Del Sur Accelerated Academy	Laveen	Math

The limited annual appropriation for the MSSE program has caused the Commission to consider an automated application in AZGrants System and companion tracking and repayment software. The ACPE and staff are assessing the cost and benefits of an automated system. However, such a system would undoubtedly allow the small ACPE staff to better handle the granting, tracking, and repayment processes. Additionally, due to the limited annual appropriation no advertising or promotion for the program has been undertaken yet the number of applications submitted annually consistently exceeds the number of applications that can be funded.

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 Achieve60AZ goals. Achieve60AZ is focused on generating greater awareness of the importance of increasing Arizona's level of educational attainment while building support to improve college entry and completion; boost adult education and training; and fuel a pipeline of competitive talent for Arizona's employers.

Unfortunately, the current level of appropriations for the MSSE program will not solve the shortage. According to surveys conducted in August 2015, 82% of 108 reporting districts noted openings compared to 62% in August 2014. Additionally, 24% of first year and 20% of second year teachers left the profession in Arizona. The future may be even more challenging with 24% of Arizona's educational workforce being eligible to retire within the next four years.<sup>1</sup>

Therefore, the Commission has requested the increase of \$562,400 to a total of \$738,400 in FY 2018 for the MSSE program. This includes one full time employee \$60,900 and one computer for \$1,500. Increased funding will allow an additional 57-67 recipients to receive an award. Additionally, if the program termination date of July 1, 2017 is not extended the State will lose another important financial aid program.

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<sup>1</sup> Johnson, C., 2016. *ADE Educator Retention and Recruitment Taskforce* [PDF document]. Retrieved from <http://www.azed.gov/highly-effective-teachers-leaders/files/2016/05/err-taskforce-abec-1.29.16.pdf>

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 Achieve60AZ goals.

### **1.7 Student Forgivable Loan Repayment Programs**

Currently the Commission administers four 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); and (4) 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 10 borrowers are currently being tracked in the repayment program 69 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, 1,563 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 one small federal loan repayment program: Paul Douglas Teacher Scholarship (PDTs). All the 254 former Paul Douglas Teacher Scholarship (PDTs) forgivable loan recipients have

completed their obligation by fulfilling the teaching requirements of the program or repaying their loan in full. All obligations have now been completed for this program.

All funds recouped for the PDS program 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 275 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, 10 have paid their loan balance in full, 41 are currently in repayment, 16 have been referred to the Attorney General's Office, 10 have had paid their loan in full, 31 have completed the tracking and the remaining 177 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 was granted authority to use a third-party vendor to collect outstanding PEG debt using PFAP funds to administer the collections.

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

The Arizona Commission for Postsecondary Education (ACPE) is the designated state entity representing Arizona in the National Association of State Student Grant and Aid Programs. As the designated state entity for student financial assistance the ACPE receives all Free Application for Federal Student Aid (FAFSA) data for Arizona residents and houses it in a database within a fully-automated and secure AZGrants student grant portal. 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, FAFSA Finish Line reports. The Commission has requested \$9,700 in software update costs, \$42,560 for secure web portal annual maintenance and hosting expenses, \$1,500 for one computer and \$60,900 for one full time employee. 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' Institutional Student Information Records (ISIR) 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 counselors to submit lists of student information to the Commission for the data match process which results in an output report describing the progress of each student's application and if something is preventing it from moving forward to completion. High schools which have signed a data sharing agreement with the ACPE have identified authorized high school staff members with valid user credentials to access these sensitive data reports via the Commission's secure web portal.

The public information pages of the web portal provide important information about additional sources of financial aid beyond state aid; thereby linking students and families to important funding resources. More information about the portal and 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 AFCSP continues to focus on increasing public awareness on the importance of Arizona families saving for college, through public events, enhanced social media and an enriched web presence. The 529 college savings plans are the single most accessible option for Arizona families to save for college and reduce reliance on student loan debt to finance a postsecondary education. In 2016, 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.

<b>AFCSP Investment Offerings <sup>1</sup></b>	
<b>College Savings Bank (direct-sold, FDIC Insured)</b>	
<ul style="list-style-type: none"> <li>• CollegeSure CD:</li> <li>• InvestorSure CD:</li> <li>• Fixed Rate CD:</li> <li>• Savings Account:</li> <li>• Honors Savings Account:</li> <li>• Accumulator Account:</li> </ul>	<ul style="list-style-type: none"> <li>variable rate CD indexed to college costs</li> <li>variable rate CD indexed to the Standard &amp; Poor's 500 Composite Index</li> <li>fixed rate CD with principle and interest guaranteed</li> <li>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</li> <li>high yield, tax-advantaged savings account. No fees, no penalties, no fixed term</li> <li>holds contributions until sufficient funds are accrued to purchase a CD</li> </ul>
<b>Fidelity Investments (direct-sold)</b>	
<ul style="list-style-type: none"> <li>• Three (3) age-based strategies: actively managed, indexed, and multi-firm portfolios</li> <li>• Six (6) static mutual fund portfolios</li> <li>• Six (6) individual fund portfolios</li> <li>• Bank Deposit Portfolio, FDIC Insured interest-bearing account</li> </ul>	
<b>Ivy Funds InvestED: Waddell &amp; Reed (advisor-sold)</b>	
<ul style="list-style-type: none"> <li>• Three (3) Age-Based Portfolios customized based on college time horizon</li> <li>• Three (3) Static Portfolio options in which investor selects risk level: conservative, moderate or aggressive</li> <li>• Sixteen (16) Individual Fund Portfolios invest in a single mutual fund; including domestic and international equity funds, specialty funds and fixed income funds</li> </ul>	
<p><sup>1</sup> Details of individual offerings can be found at <a href="http://www.az529.gov">www.az529.gov</a></p>	

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, 2016**

**Roger D. Curley**

Attorney at Law  
Curley & Allison LLP

**Mark Swenson**

Deputy Treasurer  
State Treasurer Office

**Hope Leibsohn**

Attorney at Law  
Sherman & Howard, LLC

**Henry DeSpain**

Actuary  
Matthews, Gold, Kennedy and Snow, Inc.

**David Walser**

CPA, PFS  
Managing Director  
Grant Thornton. LLP

**Jeff Ratje**

Associate Dean, Finance and  
Administration  
University of Arizona

**Michael Rooney**

Attorney  
Sacks Tierney, PA

**Mark P. Stein**

CFP  
Galvin, Gaustad and Stein, LLC

**Sally A. Taylor**

CPA, CFP  
Director of Financial Planning  
Keats Connelly

**Vacant**

The report titled *Accounts and Assets Under Management* following this section summarizes data as of June 30, 2016 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, 2016, there were 82,057 AFCSP funded accounts. This represents a 5.4% increase in the number of accounts since June 30, 2015. The healthy growth in new accounts is driven by both Arizona

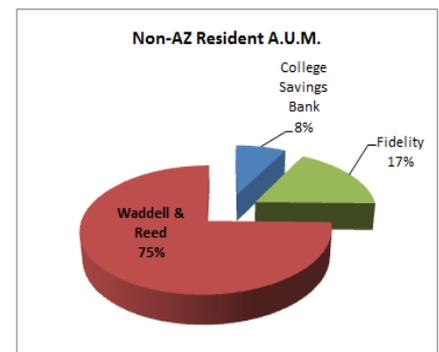
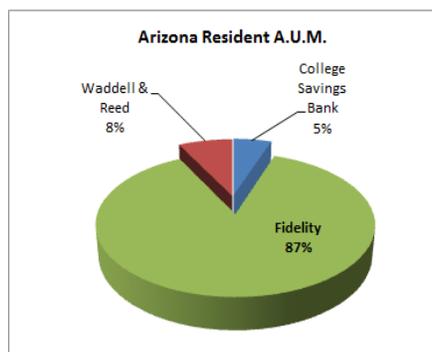
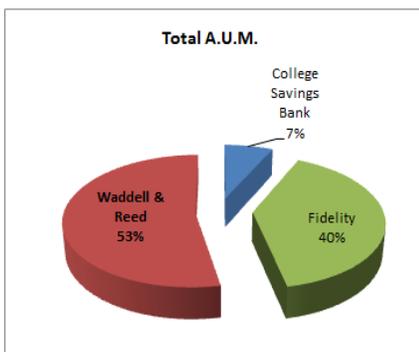
residents as well as residents of other states, indicating that the AFCSP provides attractive investments to both those inside and outside of Arizona.

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, 2016, total AUM increased almost \$28.2 million to \$1,051,867,000 compared to the \$1,023,711,000 under management on June 30, 2015. This reflects a combination of new money deposited in accounts, as well as moderate investment performance. As the AFCSP continues to mature, more families take advantage of distributions to pay for college expenses. These distributions denote the success of the Program in helping families meet their postsecondary education financial goals.

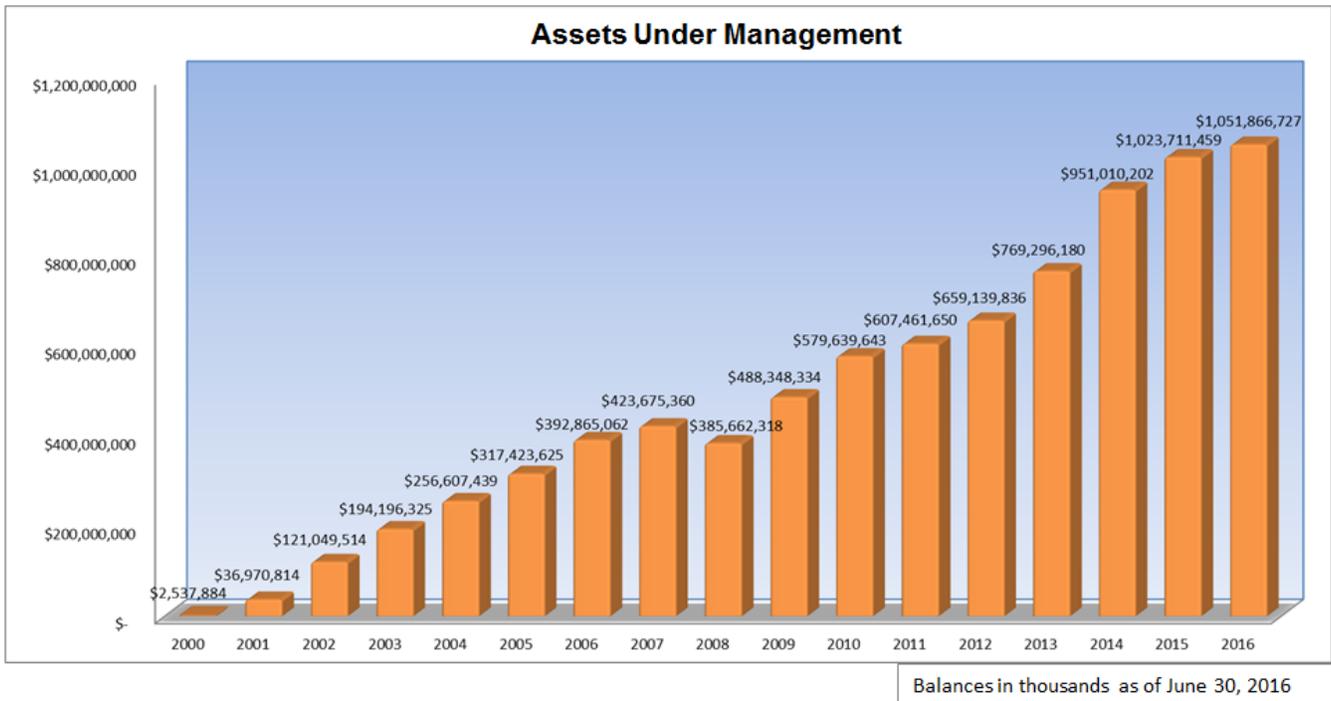
**ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)**  
**Reports as of June 30, 2016**  
**Accounts and Assets Under Management (A.U.M)**  
**As reported by providers**

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	\$ 73,326,855	7%	\$ 19,271	\$ 17,745,991	24%	5%	\$ 55,580,864	76%	8%
Fidelity	\$ 419,589,352	40%	\$ 11,677	\$ 294,325,487	70%	87%	\$ 125,263,865	30%	18%
Waddell & Reed	\$ 558,950,520	53%	\$ 13,208	\$ 25,269,396	5%	7%	\$ 533,681,124	95%	75%
	<b>\$ 1,051,866,727</b>			<b>\$ 337,340,874</b>	<b>32%</b>		<b>\$ 714,525,853</b>	<b>68%</b>	

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	3,805	4.6%	1,571	41%	5.8%	2,234	59%	4.1%
Fidelity	35,932	43.8%	23,450	65%	86.4%	12,482	35%	22.7%
Waddell & Reed	42,320	51.6%	2,106	5%	7.8%	40,214	95%	73.2%
	<b>82,057</b>		<b>27,127</b>	<b>33%</b>		<b>54,930</b>	<b>67%</b>	



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



The ACPE and its three program providers have taken measures to increase public awareness and increase accessibility of the Program for the benefit of Arizona families. These initiatives included a public awareness campaign promoting saving for college with an AZ 529 Plan during October for Arizona’s College Savings Month, all of November and December for Gift Giving Season, and May for 529 Day. College Savings Bank and Fidelity Investments continued to promote their Social Gifting platforms to current account holders throughout the fiscal year, highlighting traditional gifting opportunities (back to school, holidays, graduation and birthdays). Social Gifting enlists the help of friends and family in making college dreams a reality.

The Commission continues to ensure the strength of the Program for the benefit of Arizona 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 continuous improvement strategy, Waddell & Reed reduced their asset based fees in the Ivy Funds InvestEd 529 Age-Based and Individual Portfolios, further enhancing the value of products available to investors. On November 18, 2015, the Commission executed the two-year renewal option in the current contract with Waddell & Reed. Beginning in January 2016, Fidelity Investments enhanced their investment offerings strategy by adjusting the quality, diversity and risk-exposure of the Multi-Firm funds offered to AZ 529 Plan families. These Program enhancements are designed to enrich the Arizona Family College Savings Program and ensure it remains a highly desirable plan.

Between May and June 2016, Fidelity Investments conducted their 10<sup>th</sup> annual study regarding college savings behavior and Arizona specific results are shared with the Commission. Arizona families surveyed continue to report positive 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 55% in 2007). 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. While parents may have good intentions, they still have some work to do on the savings front, as the typical Arizona family is currently on track to save just 29% of their college funding goals by the time their child is ready to head to campus.

In conclusion, this June 30, 2016 summary 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 sluggish economy. Both Fidelity Investments and Waddell & Reed have continued to strengthen their 529 plans. Fidelity brought on additional experienced portfolio managers into the management of their plan offerings while Waddell & Reed added a layer of depth to their research and fixed income teams. In addition, College Savings Bank offers the highest interest rate in the 529 industry for a high-yield savings account. Most importantly, the number of Arizona families who recognize the importance of saving for college continues to grow as they look for ways to reduce their dependence on student loans.

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

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

Today only 42% of Arizona adults hold an education beyond high school. Yet in the next five years, 70% of jobs will require some form of postsecondary education. Workforce data shows that large numbers of Arizona adults are under-employed and seeking

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

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

First, the Commission provides current and relevant print and web-based information for college planning and decision-making to students and their families. Two methods are employed to provide this information and assistance. First, 1,368 free publications were disseminated statewide to provide current and appropriate college-going information. The Commission also hosts multiple websites which attracted 132,135 unique visits in FY 2016. Online information is especially attractive to the adult learner. Each website is designed to provide specific and timely college-going information to the public including financial aid literacy, FAFSA completion, and a web-based compilation of postsecondary education opportunities statewide.

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

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

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

College and Career Goal Arizona (C<sup>2</sup>GA), formerly known as College Goal Arizona, 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 and Career 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 and financial aid applications. High schools are building a college-going community where staff lead a cohort approach among peers supporting first-generation and low-income students as they take the steps to enroll in college or some form of postsecondary education.

### **2.1.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. In 2013 the Commission piloted AzCAC with eight partner high schools with a data collection component for ongoing program evaluation. 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 student reported FIRST applications submitted and the number of total applications submitted to date as compared to previous years.
2. The number of students matriculating in the summer, fall, or spring semester/quarter following their participation in the campaign as compared to the number of students matriculating in previous years.

The fall 2015 campaign was very successful. Forty-six high schools serving 14,333 seniors participated in 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, high schools agreed to maximize student participation and school-wide engagement by staging AzCAC events on school grounds, during the school day. A total of 8,233 applications were filed during the AzCAC events and remarkably, 3,025 students filed an application for the FIRST time during the event.

The Commission continues to promote the College Application Campaign on the College and Career Goal Arizona website developed in June of 2015. The website received 31,803 unique visits from July 1, 2015 to June 30, 2016.

Similar evaluation and planning were used to prepare for and implement the November 2016 campaign. The outcomes and the data will be presented to the Advisory Committee in early 2017 for review and input. The Commission is currently seeking outside funding to continue this intensive and highly valuable work for 2017 and beyond.

### **2.1.B. College Goal FAF\$A Initiative**

Arizona's College Goal FAF\$A (CG FAF\$A) Initiative is a sponsorship and grant-funded statewide 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 20 years. The mission of the CG FAF\$A Initiative is to increase the number of under-served and first-generation students entering postsecondary education.

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

1. provide high school staff, site coordinators and volunteers with online resources and interactive training to host successful Free Application for Federal Student Aid (FAFSA) completion workshops,

2. support high schools as they work with families to assist all high school seniors to complete a FAFSA on time,
3. support community partners and postsecondary institutions who help prospective, current or returning students in their community to complete the FAFSA on time, and
4. maintain online resources for students, families, and the public to access accurate and timely information regarding financial aid and financial aid processes.

All of these efforts are undertaken using no general funds. As the host of the initiative, the Commission secures grants and sponsorships to fund the activities and provides the leadership to implement the 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 great assets in this work.

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

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

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

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

The Commission promotes literacy providing accurate and timely information related to financial aid on both the College and Career Goal Arizona (C<sup>2</sup>GA) and AZGrants websites. Line-by-line instructions on how to complete the FAFSA are included on the College Goal FAFSA 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 2016 the College Goal Sunday Facebook page was renamed to College Goal Arizona and received just over 1,030 “likes.”

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

The annual community workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2016, College Goal FAF\$A was held in 20 Arizona communities across the state on February 13<sup>th</sup> and 14<sup>th</sup>. Through the community and high school workshops, more than 320 volunteer financial aid professionals and community members from Arizona’s colleges, universities, high schools, and non-profit organizations 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 1,000 students and parents attended the 2016 community workshops.

The student/parent surveys tell a compelling story of the need for College Goal FAF\$A (CG FAF\$A). Eighty-one percent of respondents indicated that they completed a FAFSA during a CG FAF\$A community workshop. Sixty-one percent of participants that attended were 1<sup>st</sup> generation students. Ninety-five percent of respondents report that CG FAF\$A increased their likelihood of attending college or vocational school in the next academic year.

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

The CG FAF\$A initiative, continued its evolution in FY 2016, and grew the number of participating high schools to 28 from 7 in the prior year. This was nearly 300% growth in the number of participating CG FAF\$A high schools. The incorporation of more high schools is seen as a positive move by the Commission. By holding workshops at high schools when students and families are comfortable, financial aid professionals will be better able to assist under-served and first-generation students entering postsecondary education.

Both community and high school FAFSA completion workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). At the high school workshops counselors, staff, and volunteer financial aid professional from Arizona’s colleges and universities mobilized to assist high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Close to 1,800 students and families attended the 2016 high school workshops.

### **2.1.B4. FAF\$A Finish Line Project**

The Arizona Commission for Postsecondary Education was named the designated entity to lead the Free Application for Federal Student Aid (FAFSA) Completion Initiative, inclusive of Finish Line reports in Arizona. Through this initiative the

Commission is allowed to disclose limited information about individual students' FAFSA application status to high school personnel allowing high school personnel to provide help for the student to complete their FAFSA.

The Commission is the State repository for all FAFSA's filed by Arizona residents. Through a data sharing agreement between the Commission and the school or district, a report describing the status of a senior's FAFSA application can be submitted multiple times to adults prepared to assist the student to complete the application.

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

By the end of FY 2016 26 high schools submitted the required data sharing agreement. Seventeen high schools participated, with results that identified 33 percent of their seniors in a completed status out of 46 percent who had submitted the FAFSA. The Commission and high schools partnering in the FAFSA Completion Initiative learned two important lessons from this early experience. 1) that training of counselors/staff in reading and acting upon status reports is critical to success, and 2) that students should submit a FAFSA as early in their senior year as possible.

The Commission currently is working with more than 38 high schools and 15 community sites for this next round of FAFSA applications.

## **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 FY 2016, over 510 copies of the ACCG were distributed. Non-Title I high schools may order the publication as long as the supply lasts.

Furthermore, the ACPE uses the Arizona College and Career Guide as a promotional tool to inform families of College and Career Goal Arizona programs and the Arizona Family College Savings Program (Arizona 529 Plan), as well as the various Arizona grants administered by the ACPE.

In addition to the print version, the ACCG is available online in an easily navigated format. The online version had a total of 2,306 unique visits in FY16. Publication and distribution costs of the ACCG are financed through paid advertising in the publication and per individual book fees from sales. Due to the rising costs of printing, the ACCG is under consideration to be online only publication.

### **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](http://www.azhighered.gov) website has now become [www.highered.az.gov](http://www.highered.az.gov). This website serves as a resource for links to information about educational agencies and institutions, financial aid, college savings programs, and a myriad of local and national resources for parents, students, and the public seeking sources of information regarding higher education. It is the portal through which the public can easily access the information in the ACCG, the Arizona 529 Plan, AMEPAC reports, Arizona grants, and College and Career Goal Arizona. Information regarding the Commission, AMEPAC, and Arizona Family College Savings Program Oversight Committee public meetings are also located on this site. The website received 26,848 unique visits during FY 2016.

### **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](http://www.azgrants.gov) website has also been changed due to the use of the Drupal platform. It is now [www.azgrants.az.gov](http://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 2016, the website received 19,849 unique visits.

The portal fills several critical needs:

1. accepts and stores ISIR data (approximately 800,000 annually);
2. provides a user-friendly application for all grants, scholarships, and forgivable loans administered by the Commission;
3. ensures security compliance with FERPA and Title IV regulations;
4. provides an interface and communication channel/tool/mechanism, etc. with financial aid staff and academic personnel 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 and disseminate reports;
7. provides real time data regarding student demographics, performance, success, and behavioral barriers to degree completion.

A recent and important function added to the [www.AZGrants.az.gov](http://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 which has become critical to the FAFSA Completion Initiative.

#### **2.2.D. Pay4CollegeArizona**

As part of the Drupal conversion through ASET, Pay4CollegeArizona is now located under the umbrella site, <https://collegegoal.az.gov>. Pay4CollegeArizona, provides accurate and timely resources on how to financially prepare for college using current and relevant information on topics such as scholarships, using credit wisely, how to prevent identity theft, and much more. During FY 2016 this site received 6,629 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://collegegoal.az.gov>. College Goal FAFSA, 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, including steps to take after completing the FAFSA. This portal also provides handouts and marketing materials for CG FAFSA site coordinators hosting in-person workshops. During FY 2016 this site received 13,741 unique visits.

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

The Arizona Family College Savings Program website, [www.az529.gov](http://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 different types of colleges and universities, as well as the various forms of financial aid available. The 529 website

also provides information on when to begin saving for college, and compares various tax-advantaged college savings options. In 2016 the Commission continued to build public awareness with families, promoting 529 Day during May and celebrating College Savings Month during October by hosting information sharing events which reached an estimated 365,000 Arizona residents. Interest in the website also continued to grow as it received 46,856 unique visits between July 2015 and June 2016. The increased public awareness efforts continued through the growth of the Arizona 529 Program's social media efforts which resulted in 6,610 Facebook likes as of June 2016.

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

The Arizona Minority Education Policy Analysis Center website, <https://highered.az.gov/amepac>, currently showcases the policy analysis studies and current research reports commissioned by AMEPAC and the Commission. These studies and reports can be downloaded from this site. AMEPAC research is discussed under Goal 3. During FY 2016 this site received 4,473 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 12 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 \$78,489.

### **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](http://www.highered.az.gov/amepac)

In 2016, AMEPAC continued work toward its strategic plan of conducting policy research and analysis, and promotion of public discourse through its research. AMEPAC published and distributed the 6<sup>th</sup> Edition of the Student Minority Progress Report, which was completed in late 2015 by Dr. Jeffrey Milem from the Center for the Study of Higher Education at the University of Arizona.

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

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

The Commission's 12<sup>th</sup> 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 12<sup>th</sup> *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 the Arizona Board of Regents calling together a working group to address “*Advancing Arizona’s Economy through Educational Attainment*.” The extended outcome of this group was the establishment of the Achieve60AZ Alliance.

The next *Developing Arizona’s Human Capital* conference will be held in November, 2017.

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

Collaboration and partnerships such as the aforementioned Achieve60AZ Alliance are a critical component of the work of the Arizona Commission for Postsecondary Education. Shared efforts allow the important agenda of postsecondary education access and success to move forward without duplication and with efficiency. At times the Commission itself identifies issues or barriers for students that warrant investigation.

For example, in April of 2014 the lack of student financial aid became such a topic and the Commission formed a Student Financial Aid Task Force meeting of key stakeholders. The group met and identified a mission of raising awareness of and support for solutions to financial barriers to postsecondary education access and attainment for low-income students

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

All initiatives led by ACPE staff and Commissioners as described in Goals 2 and 3 rely on partnerships and collaboration both for funding and execution. These initiatives include the Arizona College Application Campaign, College Goal FAFSA Completion 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. Moreover, the partnership with the Arizona Associate of Student Financial Aid Administrators provided more than 200 financial aid professionals to help families complete the FAFSA over several weekends.

To meet the goals of the state, the Arizona Commission for Postsecondary Education also supports other Arizona wide initiatives. In FY 2016 the ACPE Executive Director participated on the Expect More Arizona Public Engagement Task Force and Statewide Advisory Council, Thriving Together Work Group, the ACT Statewide Advisory Council, and ADE's Arizona Career Leadership Network.

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

## Conclusion

This report reflects the FY 2016 outcomes of the strategic plan initiated by ACPE Commissioners. It also outlines the limitations posed due to the budget reductions for achieving the goals and statutory responsibilities.

The goals identified in the strategic plan are (1) maximizing available student financial assistance for students and families; (2) providing support from knowledgeable professionals and accurate and timely information to help students and families enroll, finance, and succeed in postsecondary education, and (3) providing a forum for all sectors of postsecondary education to dialogue, partner, and problem solve issues of mutual interest for the benefit of Arizonans.

The goal of maximizing available student financial resources has been severely impacted due to the ACPE general funds reduction of 80% and the elimination of federal LEAP, and SLEAP, grant funding. An additional loss was that of the last two of five years funding through the College Access Challenge Grant by the state due to a failure to meet the Maintenance of Effort requirement when the Governor's Office request for a waiver was denied. Just under \$3 million was lost in both 2015 and 2016, including \$1 million dollars for each of those two years dedicated to student scholarships. Since FY 2010, student financial aid has been reduced by \$4.3 million. The figures below represent the student aid disbursed by the ACPE in FY 2011 through FY 2016.

### Historical Review of ACPE Student Aid Programs

Fiscal Year	2011	2012	2013	2014	2015	2016
Total Aid Disbursed	\$ 3,711,781	\$ 3,511,920	\$ 4,178,488	\$ 3,521,142	\$ 2,484,619	\$ 2,483,125
% Decrease compared to FY 2008	-51%	-53%	-45%	-53%	-67%	-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 Postsecondary Education Grant (PEG) language expired in July 2016, and the Private Postsecondary Financial Assistance Program (PFAP) remains on suspension.

In contrast, the Arizona Family College (529) Savings Plan continues to grow and achieve success under the oversight and administration of the Commission. This past year, the program was rated four out of five graduation caps by Savingforcollege.com. Moreover, the program includes attractive conservative FDIC insured investment options, as well as mutual funds offering open architecture or multi-firm portfolios. As of

June 30, 2016, total Assets Under Management were more than \$1.05 billion, an increase of \$28.2 million from \$1,023,711,000 on June 30, 2015.

Under Goal 2, the Commission implements strategies to help students and their families enroll, finance, and succeed in postsecondary education. By coordinating the College Goal FAFSA Completion 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 schools, communities, and college access programs annually and more than 132,135 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.

Two Decision Packages have been submitted by the Commission with the FY 2018 Budget Request. Both are designed to advance educational equity and to diminish the achievement gap experienced by low-income and minority students through:

- assisting students statewide to complete their FAFSA applications by providing FAFSA Finish Line reports to high school counselors, allowing targeted follow-up, and
- 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 and to improve retention of new teachers.

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