

# **ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION**

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

**ANNUAL REPORT**

**FISCAL YEAR 2007 - 2008**



## Arizona Commission for Postsecondary Education

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December 26, 2008

The Honorable Janet Napolitano, Governor  
The Honorable Timothy Bee, President of the Senate  
The Honorable James P. Weirs, Speaker of the House of Representatives  
Ms. Michelle Reilly, State Documents Librarian, AZ Library, Archives, and Public Records

I have the honor of submitting this annual report on behalf of the Arizona Commission for Postsecondary Education (ACPE). The ACPE Commissioners and staff remain committed to investing themselves in the work of higher education; this report reflects that commitment.

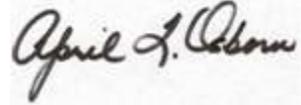
FY 2007-08 brought both challenge and opportunity to the work of the ACPE. Challenges faced by the Commission were a result of the economic downturn and the State revenue shortfall. This was evident in a reduction in staff, with 4 of 13 Commission FTE positions remaining unfilled, and a 50% reduction in the general funds appropriation for FY 2008. Unfortunately, this cut resulted in a reduction of 77% for Postsecondary Education Grant (PEG) Program student grant funds. Despite this severe FY2008 reduction, PEG grant funds suffered another 53% budget reduction early in FY 2009. Likewise, the Private Postsecondary Financial Assistance Program (PFAP) was reduced by more than 50% early in FY 2009. Moreover, both grants were placed on suspension in October of 2008. At the time of this writing, more than 1,400 students have applied for this grant and they and their families are facing the uncertainty of paying for college. Pending budget negotiation will determine if remaining grant funds will be available to them, or if the grants are to be cut even more.

Opportunity came in the form of a new web-based student financial aid portal and new money for low income students through the Arizona College Access Aid Program (ACAAP). The ACPE launched the new AZ Grants website at [www.azgrants.gov](http://www.azgrants.gov). This site supports six State grants; provides a single portal for students to learn about financial aid availability, processes, and deadlines; and continues to be promoted to students, families, and counselors. The new ACAAP grant is part of the College Access Challenge Grant secured by the Governor's Office. ACCAP will bring an additional \$1M to low-income students over the next two years. This grant will be administered in conjunction with the restructured SLEAP grant that provides more than \$658,000 additional dollars in 2008-09 to low-income students seeking a baccalaureate in education and STEM programs.

The need to provide information to families and students and the obligation to foster collaboration among all sectors of postsecondary education has never been greater than in this economic downturn; consequently, the limited human and financial resources of the ACPE have been leveraged to their utmost. This report outlines these challenges and opportunities within the framework of the Commission's 5-year strategic plan.

Questions regarding this annual report and more detailed information about the Arizona Commission for Postsecondary Education are available from the website [www.azhighered.gov](http://www.azhighered.gov) or by contacting our office at 602.258.2435.

Respectfully Submitted,

A handwritten signature in black ink that reads "April L. Osborn". The signature is written in a cursive style with a large, looped initial "A".

Dr. April L. Osborn, Executive Director

**The Arizona Commission for Postsecondary Education (ACPE)  
2007 - 2008 Annual Report**

***Expanding Access and Increasing Success  
in Postsecondary Education for Arizonans***

Submitted December 27, 2008  
Dr. April L. Osborn, Executive Director

**Introduction**

The work of the Arizona Commission for Postsecondary Education (ACPE) is guided by a 5-year strategic plan. The purpose of the plan is to provide focus for the activity of this small agency and its nine staff members in order to increase productivity and impact in the areas of its statutory authority. The mission and goals were accepted by Commissioners in late 2004 and this report reflects the fourth year 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) increase available student financial resources, (2) implement strategies to help students and their families plan, enter, and succeed in postsecondary education, and (3) provide a forum for all sectors of higher 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 two years both by legislative action and the recent economic downturn. New statutory responsibilities include the Postsecondary Education Grant (PEG) program which was initiated in the 2007 and the Early Graduation Scholarship Grant program which was established in the 2007 Legislative session. The successful development and launch of these important student financial assistance programs has been the focus of both the Commissioners and the ACPE staff over the past twenty-four months. In addition, the ACPE was asked to administer the Foster Youth Postsecondary Education Case Manager Program which was designed and launched in the spring of 2008. Progress on each of these legislatively directed initiatives is discussed in more detail within this report.

The recent State revenue shortfall and subsequent budget reductions have hampered the Commission's efforts to effectively implement all assigned legislative initiatives. Already a lean agency, the ACPE has experienced significant personnel cutbacks and extensive general fund appropriation reductions. The agency is approved for 13 FTE; yet, only 9 positions are filled due to a lack of funds and the hiring freeze. Therefore, the agency has been asked to support existing functions and take on new responsibilities when less than 70% of the approved staff positions are filled. Massive budget reductions in FY2007-08 required the ACPE to return 50% of all appropriated

general funds; moreover, in 2008-09 the agency was required to return 3.05M or 41% of all appropriated general funds.

These reductions resulted in two student grant programs being severely curtailed. In FY2008 a 77% reduction of the Postsecondary Education Grant (PEG) Program funds caused the ACPE to cease awarding grants in April of 2008 because funds were exhausted. Regrettably, the FY 2009 appropriation reduction again decreased the PEG student grant funds by 53% and also reduced by 50% the Private Postsecondary Financial Assistance Program (PFAP) student grant funds. Additionally, in late October the Commission was asked to suspend all new PEG and PFAP grant awards while negotiations for further appropriation reductions are on-going. At the time of this writing, more than 1,400 applications are on hold awaiting these decisions. Student applicants and their parents have made very clear to ACPE staff that these grant reductions have placed significant stress on their families regarding the ability to financially support continued college attendance.

Effective administration of ACPE programs has been challenging with fewer staff striving to meet a variety of immediate needs. These include a radically increased demand for communication and support of students and families who lost grant funding, the launch and testing a new student financial aid portal, serving the growing needs of the Early Graduation Scholarship Grant Program, implementation the Arizona College Access Aid Program (ACAAP) in December of 2008, and a restructure the SLEAP grant program.

The Commission staff has determined to focus its time and attention on the core responsibilities related to student financial assistance. Therefore top priorities include (1) communication with students and families who have lost grant funding, (2) continued effective administration of existing grant programs, (3) maintaining oversight and improvement of the Arizona Family College Savings Program, (4) building a PEG and PFAP loan repayment program to address the imminent statutory obligation, and (5) continued coordination of the fruitful College Goal Sunday financial literacy initiative.

The Commission goals of (2) helping students plan, enter, and succeed in postsecondary education and (3) of providing a forum for all sectors of higher education to dialogue, partner, and problem solve issues of mutual interest are funded through grants, fees, and donations. These goals require policy analysis and research, collaborative action led by ACPE task forces, and participation in college access initiatives led by foundations, government, or non-profit entities with similar missions. These responsibilities are time intensive and thus are impacted by the four unfilled staff positions and increased workloads resulting from the new responsibilities and budget cuts. Therefore, some valuable and worthwhile ACPE initiatives have had to be delayed or suspended at this time; these are discussed within the report.

The ACPE administration uses minimal state financial resources. The FY 2008 ACPE annual budget was 10.4 M (before budget reductions) of that amount \$8.5M was pass-through money dedicated to postsecondary education students in the form of financial

aid. Moreover, the operational budget for the agency was \$491,000 and more than ½ of this amount was supplied through administrative fees and grants. In addition, the agency generates \$191,000 in donations, sales, and grants to fund college-going programs and publications such as College Goal Sunday, the *Arizona College and Career Guide*, the *Rapid Guide to Financial Aid*, and the Arizona Minority Education Policy Analysis Center.

This report is organized in three sections, each section describes the activities and services related to each of the three goals, as well as the affects of reduced staff and budget reductions and these goals. The conclusion summarizes how the parts of this report relate to the plan and the future of the Commission.

# Commissioners 2007 - 2008

## Arizona Commission for Postsecondary Education

Steven Corey, Chair  
Chief Operating Officer/CFO  
Prescott College

Dr. Debra Duvall  
Superintendent  
Mesa Unified School District #4

Teena Olszewski  
Arizona GEAR UP  
Northern Arizona University

Dr. Eugene Garcia  
Vice President for Education Partnerships  
Arizona State University

Teri Stanfill  
Executive Director  
Arizona Board for Private Postsecondary Education

Dr. Bill Pepicello  
President  
University of Phoenix

Dr. David Curd  
President  
College of Humanities & Sciences

Joel Sideman  
Executive Director  
Arizona Board of Regents

Ali John Farhang  
Attorney At Law  
Farhang & Metcoff, PLLC

Dr. Anna Solley  
President  
Phoenix College

Dr. Timothy Trent  
Superintendent  
Globe Unified School District

Vacant  
Senior Executive from a Community College district  
with a population <500,000

Vacant  
Senior Executive from a cosmetology school with  
national accreditation

Two (2) Vacant Positions  
Senior Executive from a private postsecondary  
institution offering vocational education programs  
with national accreditation

Vacant  
Senior executive from an institution offering vocation  
education programs that is not qualified under any  
other category

### Commission Staff

Dr. April L. Osborn  
Executive Director

Hugo Gomes  
AZ 529 College Savings Plan Director

Carol Williams  
Program and Office Manager

Judi Sloan  
Communications Specialist

Michael Bracken  
Assistant Financial Aid Director

Mila Zaporteza  
Business & Student Financial Assistance Manager

Kathaerine Johnson  
Director of College Access & EGSG Programs

Irene Hesch  
Student Financial Aid Assistant

Elliot Howard  
Student Financial Aid Technician

## **Goal 1: Increasing available student financial resources**

Core responsibilities of the ACPE are related to postsecondary student financial assistance programs. These responsibilities include (1) administration of Leveraging Educational Assistance Partnership (LEAP), (2) administration of the Private Postsecondary Education Student Financial Assistance Program (PFAP), (3) development and implementation of the Postsecondary Education Grant (PEG) Program which was established in the 2006 legislative session, (4) development and launch of the new Early Graduation Scholarship Grant program which was established in the 2007 legislative session, (5) management of grant repayment programs, (6) oversight of the state student loan guarantor, and (7) management of the Arizona Family College Savings Program.

Additionally, in the fall of 2008, the Governor's Office asked the ACPE to administer a part of the two year federal formula based College Access Challenge Grant. The Arizona CACG included three components and the need based grant component titled the Arizona College Access AID Program (ACAAP) became the ACPE's responsibility. To better serve students, the Special Leveraging Education Assistance Partnership grant is being restructured and administered in conjunction with the ACAAP Grant. Both grants were launched in December of 2008.

Unfortunately, the State of Arizona's revenue shortfall has severely impacted the Commission's goal of increasing available student financial resources. The Postsecondary Education Grant and the Private Postsecondary Financial Assistance Program student grant funds along with financial aid staff have been radically reduced. PEG student grant funds were reduced by 77% and 53% in FY 2008 and 2009, respectively. Likewise, the Private Postsecondary Financial Assistance Program (PFAP) student grant fund was cut by 50% in 2008-09. Both grants were put on suspension in October leaving the 1,400 pending student applicants and families in uncertainty regarding their financial resources for continued college attendance.

The Commission's previous experience with PFAP grant budget cuts raises concern about the future of the PEG and PFAP grants. Cutting PFAP grant funds to \$170,500 in FY 2004, FY 2005, and FY 2006 resulted in an 80% reduction in applications. The ACPE is still trying to rebuild this program.

In such troubled economic times the Commission is determined to continue to support families seeking financial assistance in paying for college. Yet, more than 30% of ACPE staff positions are unfilled due to budget reductions. Therefore, priorities have been established and the student financial assistance programs listed in the first paragraph including administration of 6 State grants, management of grant repayment programs, and management of the Arizona Family College Savings Program are the core of the ACPE responsibility. Therefore, priority has been placed on communicating with and effectively serving the more than 7,250 students and their families who annually apply for and receive student financial aid from the ACPE, oversight of the program managers holding of more than 49,000 college savings accounts, building the

Early Graduation Scholarship Grant Program, developing the PEG and PFAP repayment programs required in statute, and ensuring the continuation of the College Goal Sunday financial literacy program.

The College Goal Sunday initiative is designed to (1) assist families in filing the Free Application for Federal Student Aid or FAFSA and (2) provide appropriate and timely communication regarding student financial aid. Details of the College Goal Sunday program and the thousands of families who benefit from it are discussed in the Goal 2 section of this report.

## **1.1 Leveraging Educational Assistance Partnership (LEAP) and Arizona's Federal Funds Increase**

The LEAP program, formerly known as the State Student Incentive Grant or SSIG program, has been in existence in Arizona since 1972. The LEAP program is a grant that financially assists eligible students with substantial financial need, enabling them to pursue higher education goals. The Arizona Commission for Postsecondary Education administers the program, ensuring adherence to all federal regulations and the Arizona Administrative Code.

Administration of Arizona LEAP is decentralized; therefore, the Commission delegates certain functions to participating institutions. Higher Education institutions wishing to participate in the program apply to the ACPE. The ACPE establishes institutional eligibility and determines a proportional distribution of funds (based on the number of students) to institutions. LEAP recipients are selected by the institutions on the basis of substantial financial need established through federal and state statute.

Compliance with federal guidelines is critical to effective LEAP administration. Detailed reports to the U.S. Department of Education are filed by the ACPE. Furthermore, on-site LEAP program compliance audits are performed every two years by ACPE staff. The most recent cycle of compliance audits was completed in the fall of 2008. All 44 LEAP institutions were audited and all issues found and questions have been addressed.

In 2007 - 2008, four thousand seven hundred and twenty-one (4,721) Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Education Assistance Partnership (SLEAP) awards were provided through 44 postsecondary institutions totaling just under \$3.5 million in leveraged financial aid (state, federal, and institutional) to financially needy students. Institutional distribution of LEAP/SLEAP awards in 2008 resulted in the following distribution percentages: 33% to public universities, 50% to community colleges, 15% to proprietary schools, and 2% to private colleges (as these categories are defined by the federal government).

Significant administrative improvements were implemented for LEAP program administration this year. These were guided by the strategic plan and requests from constituent colleges and universities. In the annual satisfaction survey, financial aid administrators made suggestions to the ACPE of ways to reduce the administrative burden of institutions for program administration. A plan to reduce the number of reports and the provision of scheduled payment of funds to institutions were developed and tested with constituent groups. The new plan was implemented in the 2007-2008 program administration. Significant changes include:

- Abandonment of the roster submission from the institution to the ACPE for transmission of funds multiple times each year

- Roster submission was replaced with disbursement of funds to institutions three times during each fiscal year; 25% in September; 25% in December; and the remaining 50% in April
- Institutions controlled the grant initial approval and the record keeping of student applications and awards
- Roster transmission from the institution to ACPE transpired only in June and the ACPE certified students as eligible from that single roster
- Institutional audits were based on the final roster as transmitted

Annual LEAP administration performance measures were collected through anonymous 2007-2008 surveys from institutional financial aid administrators and reviewed by the ACPE staff. The 2008 surveys indicated 94% or greater satisfaction with administration of this program by the ACPE. This survey received a 66% return rate of the 44 institutions participating in the LEAP grant, meaning 29 responded.

The survey also reveals that there continues to be frustration on the part of the student financial aid community regarding the limited resources available to assist students seeking higher education goals. Overall, the financial aid directors of the LEAP institutions expressed grave concern over the low amount of financial aid available for Arizona students and its effect on low-income and lower middle-income students' college-going expectations and enrollment.

### **1.1.A Special Leveraging Educational Assistance Partnership (SLEAP)**

The Special Leveraging Educational Assistance Partnership (SLEAP) Program is a component of the LEAP program. To participate in the SLEAP Program a state must also participate in the LEAP Program and the grant must be administered by the same state educational agency that administers LEAP. This includes an annual SLEAP application and annual performance reports.

In FY 2007-2008, Arizona joined the ranks of the 45 other states that received Special LEAP (SLEAP) funds. The additional federal SLEAP funds awarded to Arizona for 2007-08 are a direct result of the Commission reporting the \$5 million increase in legislatively appropriated Arizona Financial Aid Trust (AFAT) funds in 2007. These new AFAT dollars were counted as additional state matching dollars when the ACPE staff completed their annual application for LEAP funds, allowing Arizona to apply for additional funds. The Arizona state LEAP application brought the State an additional \$675,003 and \$659,000 in SLEAP funds in FY2008 and FY 2009, respectively. A sustained level of need-based financial aid for Arizona is required to continue to qualify for SLEAP funds. Should need-based financial aid in Arizona be reduced representing a lack of maintenance of effort, the Arizona application for future SLEAP funds would be in jeopardy.

There are three authorized ways in which SLEAP need-based grants can be administered: (1) as a supplement LEAP grant awards, or increase the number of LEAP

Program recipients (2) to supplement LEAP community service work-study awards, or (3) to provide scholarships to eligible students for merit and academic achievement. For example, critical career scholarships can be awarded to eligible students in programs that are determined to be critical to the States workforce needs.

In order to distribute SLEAP funds in the 2007-08 academic year in a timely fashion, the funds were included with the LEAP funds and were distributed to the participating LEAP institutions for awarding. Institutions were required to use the funds to add to existing student LEAP awards or to award the SLEAP to new need-based eligible students. These student grants are reported in section 1.1 with the LEAP grants.

The ACPE application for SLEAP funds was again successful for FY2008-09 and \$659,000 was provided for need-based grants for Arizona students. It was determined that in order to create a strong need-based aid program for low income students, the ACPE would administer the SLEAP Grant in conjunction with the Arizona College Access Aid Program (ACAAP). Details on this program can be found in section 1.1.B.

The FY2008-09 SLEAP program is designed to assist sophomore, junior or senior students with substantial financial need (Pell eligible), who are seeking associate or baccalaureate degrees in STEM or Education/Teaching programs at any regionally or nationally accredited institution in the State of Arizona. Maximum award is \$2,000 for the year and funds can be applied toward any educational expense documented in the student's Cost of Attendance (COA) at their institution.

The application is on the AZ Grants student financial aid portal at [www.azgrants.gov](http://www.azgrants.gov). The student application for SLEAP is integrated into the existing state grant applications, providing one seamless application process for students.

The student application went live November 24, 2008. Over one hundred applications were received within the first week and more than 600 applications have been received at the time this report was submitted. The ACPE staff continues to promote the SLEAP Program at postsecondary institutions, college access programs, and high schools.

### **1.1.B Arizona College Access Aid Program (ACAAP)**

The Arizona College Access Challenge Grant (CACG) application was submitted by the Governor's Office for a federal formula grant designed to increase the number of underrepresented students who enter and remain in postsecondary education. The College Access Challenge Grant program provides two one-year grants to States to meet the needs of underrepresented students and families.

The Arizona application for the College Access Challenge Grant was successful and the ACPE was asked by the Governor's Office to administer one of three components. The Arizona College Access Aid Program (ACAAP) is a two year \$1,000,000 need-based grant program (\$500,000 a year for the next two years) designed to assist low-income

sophomore, junior, or senior students who are seeking an associate or baccalaureate degree at any regionally or nationally accredited institution. Students enrolled full-time can receive \$2,000 per year. The intent for this grant is to enable low-income students to attend postsecondary institutions. In an effort to strengthen the ACAAP program, the SLEAP Grant is being administered in conjunction with ACAAP to maximize fund availability for low-income students.

The Commission staff began working in the summer of 2008 with the Governor's Office to finalize the grant program details. Once the details were set in place work began on building a semi-automatic student application. The student application is on AZ Grants student financial aid portal at [www.azgrants.gov](http://www.azgrants.gov). The student application for ACAAP is incorporated into the existing State Grant applications, providing one seamless application process for students.

The student application went live November 24, 2008 along with the SLEAP grant application. Over one hundred applications received within the first week. During the second week the numbers increased to over 300 student applications. The ACPE staff continues to promote the ACAAP Program at higher education institutions, college access programs, and high schools. Promotion and administration of this grant for a full year (2008-2009) will allow the Commission to begin to assess the full impact of this new financial assistance program to the State. Because Arizona has only minimal need based financial aid funds available, it is the aspiration of the Commission that these federal funds be supplanted at the end of this two year period with State need-based grant funding.

## **1.2 Private Postsecondary Education Student Financial Assistance (PFAP) a Forgivable Loan**

The Arizona Private Postsecondary Education Student Financial Assistance (PFAP) program was initiated in the spring of 1996. This program was designed to encourage community college graduates to enroll in and graduate from baccalaureate degree granting private postsecondary institutions; thereby realizing a savings to the State of Arizona.

By statute (ARS 15-1852) and Arizona Administrative Code rules (R7-3-401 through R7-3-405), the PFAP program provides up to \$2,000 per fiscal year to eligible Arizona community college graduates (i.e., those holding Associate Degrees from an Arizona public community college) who prove financial need and who enroll as a full-time student in a baccalaureate degree program at an accredited, baccalaureate degree-granting private postsecondary educational institution in Arizona. The maximum grant amount allowed to a single student is limited to \$4,000.

The PFAP Program has seen significant challenges in funding. Program funding was reduced in 2003 from \$318,000 to \$170,500, resulting in fewer students receiving the grant. It was increased in the 2006 legislative session to \$400,000 and PFAP appropriations in 2008 were raised to \$800,000.

The ACPE began to rebuild the PFAP Program after several years of reduced funding. In 2007-08, only fifty PFAP Grants totaling \$69,500 were disbursed. The ACPE has established a plan to aggressively promote the program with both community college students and private postsecondary students. Promotion activities were successful and more than 150 applications were received in September of this year.

Unfortunately, the State's revenue shortfall required the ACPE to return \$400,000 of the \$800,000 in PFAP funds appropriated for FY2009. Moreover, the ACPE was notified in October to suspend all new student grant funding for the PFAP Program. Prior to the suspension of the Grant, the ACPE awarded 151 student grants for a total of \$306,000 (both semesters). Over fifty additional students are currently on a waiting list for funds should the Grant be reinstated.

More than 1,400 students have benefited from the PFAP Program since the program inception. The Program has a graduation rate of 86%. Thirty-four percent of these graduates were minority students. Hoping to achieve similar results, planners of the Postsecondary Education Grant patterned it after the PFAP program.

Annual performance measures collected through anonymous surveys from postsecondary institutions in FY2007-08 indicated 91% or greater satisfaction from financial aid professionals with administration of this program.

The PFAP program has produced a total of 989 private colleges and universities graduates since its implementation in 1997. As mentioned earlier, the rebuilding of this program was just taking hold following the 2004-6 budget reductions when the PFAP budget was cut by 50% this fiscal year and the grant was put on suspension. Because students are being turned away due to reduced PFAP grant funding, the Program will require a rebuilding period to achieve the numbers of applications seen this year. This will be more difficult to achieve with fewer financial aid staff at the Commission. Nevertheless, the PFAP Program continues to represent a pathway to higher education that can be very valuable to the State and its future educated workforce.

### **1.3 Postsecondary Education Grant (PEG) Program (Forgivable Loan)**

The PEG program is a non-need based grant (forgivable loan) for Arizona residents who attend an Arizona postsecondary college or university to obtain a baccalaureate degree. The maximum grant is \$2,000/year for up to four calendar years. These funds must be used for tuition, books and fees. Students must obtain the bachelor degree within five years. Should a student not obtain a bachelor degree within five years, the student must repay the entire grant funds back to the Commission.

The Postsecondary Education Grant program was launched in March of 2007. This report includes information on the PEG program administration from its inception

through October of 2008, when PEG program funds were placed on suspension due the State revenue shortfall.

### March 2007 – June 30, 2008: Launch, Infrastructure and 13 months of Grant Administration

Charged with the administration of this grant (forgivable loan) the Arizona Commission for Postsecondary Education sought ways to launch the program as quickly as possible with limited personnel and financial resources.

The ACPE turned to Arizona's degree-granting private colleges and universities to assist in initiating this program. The private colleges provided guidance for grant development and offered loaned IT executives to develop the specifications for a secure, web-based IT system that would support a grant of this size with only 3 personnel. Their planning served as the basis for launch of the PEG program with a stop-gap IT system. The contributions of manpower provided by the private colleges allowed the ACPE to launch the program only four months after the funds became available in November of 2006.

Simultaneously, Commission staff marketed the PEG program to potential applicants to ensure participation in the program. The Commission distributed posters, flyers, and other marketing materials and also participated in TV interviews to inform students about the program.

The PEG program was launched on March 7, 2007. The response from students was remarkable. Over the first three months (March – June) of the PEG program 1,077 grants for a total of \$1,834,777 were disbursed to eligible students.

In 2007-07 the ACPE provided \$3.9M in PEG funds to 2,442 students. Unfortunately the legislature called for a return of \$3.7M which depleted a sizable carryover from the first shortened year of 2006-07. The ACPE closed FY 2007-08 with a long waiting list of unfunded PEG students. The ACPE was unable to award grants from May through June because of the budget reductions.

### FY2008 – 2009: A Progress Report

The first phase of a fully functional and secure web-based student financial aid portal was completed by a nationally recognized firm and launched in August. The PEG grant administration system uses specifications developed with loaned IT executives. This grant management system and common application for all ACPE administered grants is located at [www.azgrants.gov](http://www.azgrants.gov). This firm is currently working with staff on Phase II of this system to develop a system for debt default prevention, loan servicing, and loan collection with an estimated launch date in 2009. This work is being slowed by the reductions in staff and the increased workload on the remaining financial aid professional staff.

Phase I of this web-based grant management system provides two critical needs for the PEG program. First, the grant management program reduces the amount of manual tasks required for each grant verification and disbursement of funds. Second, the system provides security of data transmission through the internet to ensure privacy of personal information.

A challenge looming before the ACPE is the servicing and loan collection systems for the PEG Program. Statute requires that students repay the funds if they do not complete their baccalaureate degree in five years following the first PEG grant disbursement. In addition, PEG students who drop out of college for more than 12 months are to begin a repayment program. The ACPE is investigating the possibility of contracting with a firm for the loan servicing and collection functions. Simultaneously, the ACPE is developing the IT requirements for a debt default prevention program and for tracking students over a period of 7-15 years for loan repayment as required for this grant, should this prove the more prudent decision.

Unfortunately, the appropriation for PEG in FY2007-08 was reduced by 77% and the ACPE was required to return 53% the PEG grant appropriation or \$2.55M for FY 2008-09 to general funds. Moreover, the awarding of the remaining PEG Program funds was suspended in late October due to budget negotiations and the revenue shortfall. The Commission continues to be concerned about the future of the program with the loss of financial aid FTE and the loss of student grant funds. With over 4,000 grants issued the repayment part of the program must be developed and staff must be available to implement this loan repayment responsibility.

Prior to the suspension of the PEG Program, the ACPE marketed the PEG Program in the *Rapid Guide*, the *Arizona College and Career Guide*, and in the *Countdown to College* publications. The *Countdown to College* insert reaches over 800,000 households. These publications coupled with radio interviews and new marketing materials were designed to increase the participation and the awareness of the PEG Program.

Graphs on the following pages illustrate the programs of study and the institutions attended by PEG Program students in FY 2007-08.

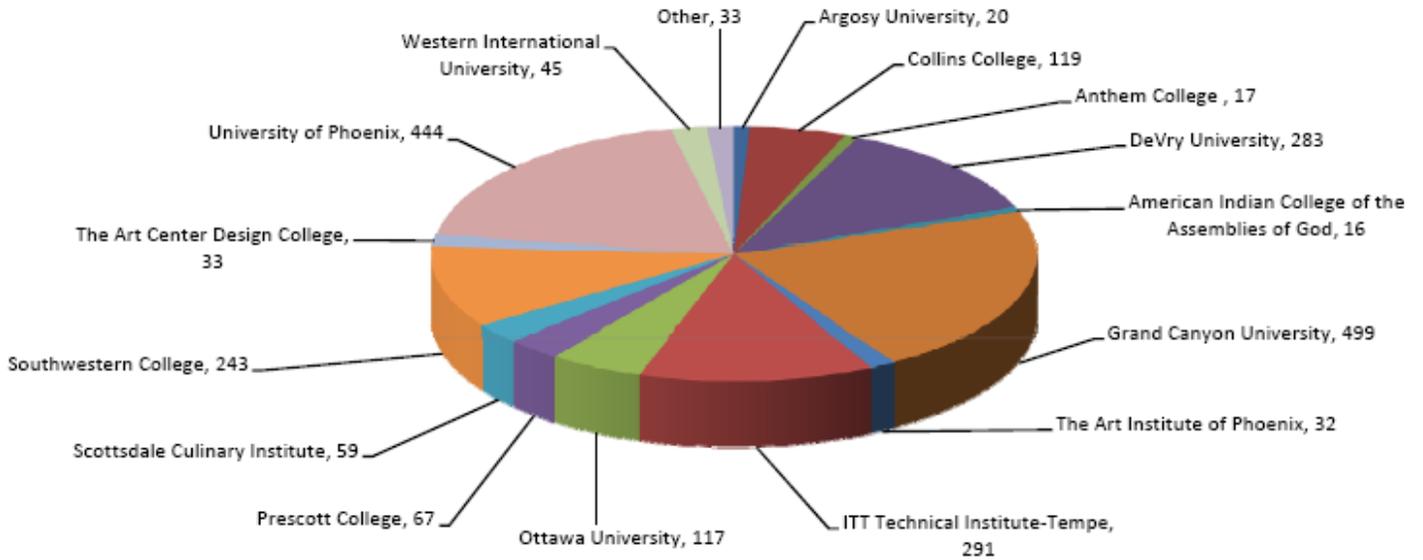
The student interest in the PEG Program is remarkable. Evidence of its popularity is the 558 student awards disbursed by the ACPE in the first 3 months of the fiscal year. Another 248 priority student applications and more than 1,100 new student applications were pending payment in October of this year when the grant was suspended. The ACPE staff projects another 500 priority applications and 700 new applications will (or would have been) filed in the second half of the FY2008-09.

In conclusion, in the short implementation period of the PEG program, the Commission has disbursed 4,033 grants for a total of \$6,290,027. The total number of months the grant has been funded is only 16 over the three fiscal years. The Commission has been impressed with the positive response and exceptional cooperation from the private

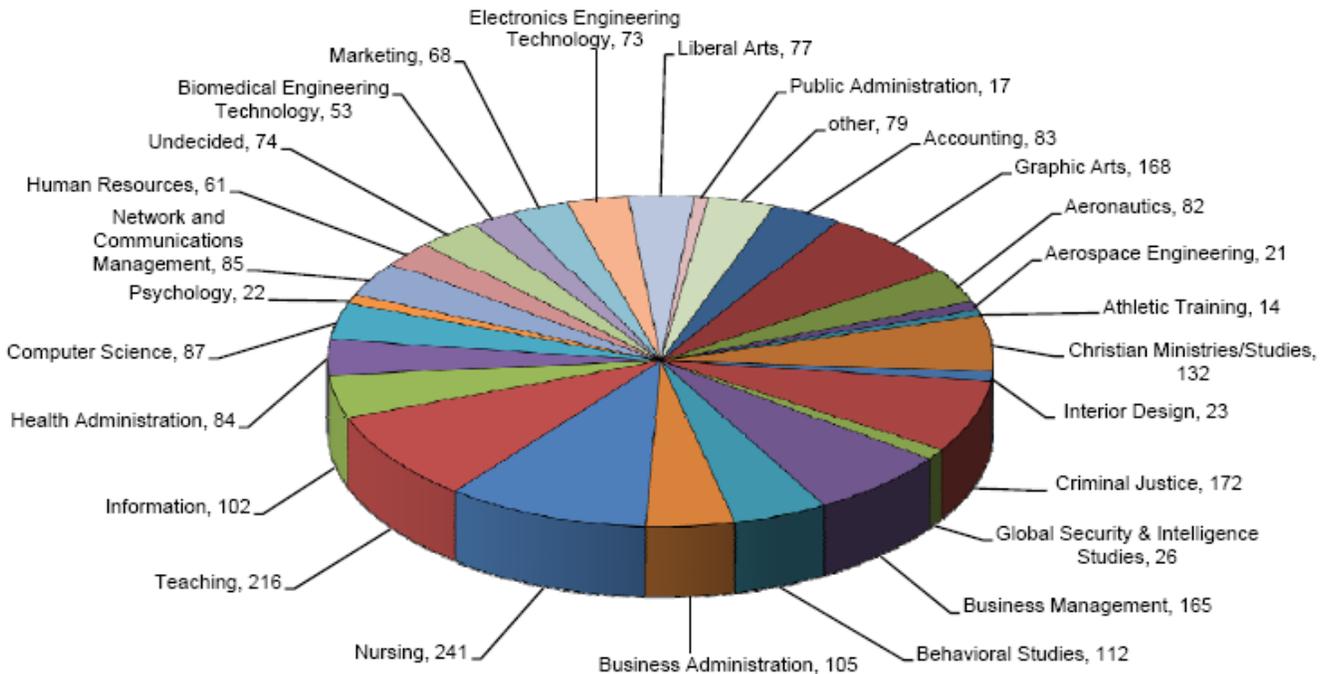
colleges in planning and verifying student eligibility. Moreover, staff commonly report stories of the changes in students' lives and express of gratitude from the students receiving PEG Program funds to pursue a postsecondary education. Most importantly, the 4,033 students applied and received funds when the grant has been available only 16 months is evidence of the great need for this program. Likewise, the 1,400 applications filed and awaiting funding in December indicate the importance of this grant for Arizona students.

Postsecondary Education Grant Program  
 FY 2007-2008  
 2,442 Grants Awarded

**Number of Grants by Institution**



**Number of Grants by Program**



## **1.4 Early Graduation Scholarship Grant Program**

### **Introduction and Description of the Scholarship**

On September 17, 2007, a new legislative mandate titled the Early Graduation Scholarship Grant (EGSG) Program went into effect. This report includes information on the first partial year (September 17, 2007 to June 30, 2008) of grant administration and a progress report on the administration of the Program since the end of the 2008 fiscal year.

This non-need based grant is intended to act as an incentive for high school students to graduate early and promptly transition into a postsecondary education experience. High school students that graduate at least one year early and enroll full-time can receive up to \$1,250 for their first year and up to \$750 for their second year of postsecondary education; those who graduate one semester early and enroll full-time can receive up to \$1,000 their first year and up to \$500 for their second year. EGSG funds are available to early graduates to attend public/private colleges, universities, community colleges or vocational postsecondary institutions. Students may attend over 100 regionally or nationally accredited institutions in the State of Arizona.

Arizona Statute directs the Department of Education (ADE) to provide the Arizona Commission for Postsecondary Education (ACPE) with a list of early graduates with their identifying information, cohort graduation date, early graduation date and high school of graduation. The Statute directs the ACPE to administer the EGSG Program in conjunction with the ADE and to select eligible students each year for participation in the EGSG Program.

#### **Laying the Foundation: September 17, 2007 to June 30, 2008**

The EGSG Program went into effect September 2007. Planning for the administration and start up of the Grant began immediately with existing ACPE staff; however, funds were not available to develop a web-based application, hire financial aid professionals or promote the Program to students and families until January 2008. At that time, staff was hired and an infrastructure was created for the EGSG program. In an effort to quickly make the grant available to students a semi-automatic online application was developed and made available to students January 28, 2008.

Within a few months and with limited opportunity for promotion, the first payments to EGSG students occurred April 8, 2008. The Speaker of the House and Representative Andy Tobin (the sponsor of the EGSG bill) presented the first thirteen students with their grant check in a ceremony at the Capitol. Over the next few months, additional students completed the online application and enrolled in school.

By June 30, 2008 forty-one students were paid their first of four payments for a total of \$18,500. The average grant amount for these students was \$451.00. The total fiscal year student grant payments reflect just the first of four payments to these students. An

additional \$41,375 is promised to these students for future payments. Moreover, since students have three years to access EGSG funds and additional students will apply over this time period. Of the forty-one students paid in 2008, forty were one semester early graduates and one student was a one year early graduate. Of the early graduates who received funding, thirty-seven students graduated from a high school district and four students graduated from a charter high school. Of the forty-one early graduates on scholarship, nine went to a university, twenty-eight went to a community college, one enrolled in a private institution, and three students attended a vocational school.

The final Arizona Department of Education Count of Early Graduates for 2008 report which was received by the ACPE on October 2, 2008 shows a total of 2,569 students graduated early; between September 17, 2007 and June 30, 2008. Of those that graduated early, 1,651 students were reported as one semester early graduates and 918 students were reported as one year early graduates.

### Building the Program: Infrastructure and Awareness

In the 2008 Legislative session two statutory changes were made to the Program. First, was the removal of the promissory note. It was replaced with additional accountability measures such as administering the funds in four payments each after confirmation of Satisfactory Academic Progress and student class attendance. The second change allowed the Commission staff to gather cost of attendance information at the time of institutional verification. These changes to the EGSG Program have contributed to streamlining the application process, and thereby providing fewer deterrents to students to access funds.

Since the end of the 2008 fiscal year, the Commission has focused on two objectives: (1) building the infrastructure and (2) promoting the EGSG Program to target groups. Central to the infrastructure was implementing an easy and efficient application process for students. The EGSG application process has been streamlined into a fully automated online student portal creating more efficiency. This online grant system serves two functions. First, it allows students to apply for any of the five State grants with one single application. All student grant data is collected on one single application and matched with the student's federal financial aid application ensuring students are considered for all possible financial assistance. Second, the institution is able to access the website to provide the ACPE with needed information such as attendance, cost of attendance, and satisfactory academic progress. Since the information is all collected and shared online, the grant awarding process is much quicker, and there is less chance of error. Students also benefit from the online system by having the ability to monitor their grant application online.

The new fully automated online grant application system was launched in August/September 2008 and can be viewed at [www.azgrants.gov](http://www.azgrants.gov). Since that time there have been 212 new student applications. These include both one semester and one year early graduates. As of November 2008, a total of \$37,596 has been paid to 68

new students. The Commission has to hold funds for the early graduates for three years. An additional \$84,500 is promised to these awarded students for future payments in following semesters.

The second objective or area of focus is raising the awareness/promotion of the EGSG Program. Since the ACPE does not have access to names and contact information for the early graduates or families, the bulk of communication is sent to those who work with and influence the early graduates. The ACPE staff has expanded the communication and promotion of the Program to influential stakeholders including: high school counselors/administrators, admissions, outreach and financial aid professionals at Arizona postsecondary institutions, college access programs and members of the community. Emphasis is placed on building partnerships with professionals who can identify and educate potential early graduates of the Program. One method implemented is a bi-weekly email communication sent to all high school counselors. The staff has also provided Program information for the high school websites and financial aid nights. In addition, regular email communications are also sent to admissions/outreach and financial aid professionals at the postsecondary institutions regarding the EGSG Program.

A long term goal is to reach students in middle school so that they can plan to graduate early. Students live in an online world. The ACPE has created accounts for the EGSG Program in *MySpace* and *Face Book* in an effort to target students. These online social networks will allow students to view Program information, and reach ACPE staff through social networks online. ACPE staff continues to explore other online promotion avenues to reach the students such as *i-TunesU*.

The administration of the EGSG program is challenging in several ways. First, ACPE is unable to access the names and addresses of the early graduates. Therefore, ACPE cannot directly communicate with the students and families regarding the Program. Second, because the early graduates names and contact information is unknown the ACPE cannot account for funds by student, making financial predications and fund accountability challenging. Third, ADE informs the ACPE that reports from the SAIS system can be modified as long as to two years after a student graduates, making it difficult to rely on the validity of the data.

The EGSG Grant has potential to serve large numbers of students and increase participation in postsecondary education. Promotion and administration of this grant for a full year (2008-2009) will allow the Commission to begin to assess the potential impact of this new financial assistance program to the State. The mission of the Arizona Commission for Postsecondary Education is *expanding access and increasing success in postsecondary education for Arizonans*. The Commissioners and staff continue to work to find new and inventive ways to reach the Arizona early graduates and those who influence them. This EGSG Program represents a new pathway to higher education that can be very valuable to the State and its future educated workforce.

## **1.5 Student Financial Assistance Repayment Programs**

The Commission administers repayment programs for the Private Postsecondary Education Student Financial Assistance Program (PFAP), the Paul Douglas Teacher Scholarship (PDTs), and the Arizona Teacher Incentive Program (ATIP), and is developing a repayment program for PEG program recipients. The ACPE provides all former financial assistance program participants three opportunities to comply with the repayment demands placed on them by federal or state guidelines. The Office of the Attorney General is used for collections only when normal investigative means to locate the former student are unsuccessful or when grantees have been contacted three times and refuse to enter the repayment program. A brief summary of each of the repayment programs administered by the ACPE follows.

There have been 1,392 students awarded the PFAP grant. Of those, 962 recipients have fulfilled their obligation by receiving their bachelor's degree in the three year allotted time frame. Of the remaining 430 award recipients, 27 students graduated after 3 years and the remaining 403 students are in the process of completing their bachelor's degree and 96 of these are currently in the repayment program or will be placed in the repayment program once located and their status is determined.

Since the program's inception, there have been 145 former recipients requiring repayment. Of those, 92 are actively making payments to the Commission or the Attorney General. Thirty-one grant recipients have been referred to the Office of the Attorney General. Thirty-three grantees have completed their obligation by either making payment directly to the Commission or through the Office of the Attorney General; 14 have been deemed uncollectible by the Attorney General's office, 3 loans have been forgiven due to medical reasons, and 3 have been abated because the former student is deceased. The remaining 42 recipients are in pending status.

Of the 254 former PDTs recipients, 10 are currently making payment to the Commission, and 32 are at the Office of the Attorney General. All others have completed their obligation by fulfilling the teaching requirements of the program, or by repaying their loan in full. There were 100 former ATIP recipients who completed their obligation by fulfilling the teaching requirements of the program, or by repaying their loan in full with the Commission or Attorney General's office. Only one student is still making payments to the Attorney General for the ATIP program.

All funds recouped for the PDTs program are forwarded to the U.S. Department of Education in December of each year, and any monies received for the ATIP program are deposited into the State general fund. PFAP repayment funds received are put back into the PFAP grant fund. Any funds recouped by the Office of the Attorney General are returned to the Commission and disbursed as outlined above, less their 35% recovery fee.

The Commission administers two state grant programs which are actually forgivable loans: the Postsecondary Education Grant (PEG) and the Private Postsecondary Student Financial Assistance (PFAP) Programs. The Commission staff is researching the appropriate manner to deal with this responsibility. The number of staff at the Commission will not support a manual or personnel intensive large repayment program. Consequently, staff with a national IT firm is building a loan repayment IT system, contracting with a loan repayment entity or a combination thereof whereby the IT contractor will set up the repayment functions then contracted to a loan servicing firm. The Commissioners remain concerned about fulfilling this responsibility with reduced staff and growing numbers of grants issued with potential repayment consequences.

## **1.6 Arizona Oversight of State Student Loan Guarantor**

Due to the increasing costs of postsecondary education, loans are becoming a significant source of funding to which students and families turn for higher education costs. As the Arizona State Guarantor for student loans, USA Funds guaranteed \$2.2 billion in new educational loans to more than 197,000 Arizona borrowers – including Federal Stafford loans for 189,000 students and Federal PLUS loans for 7,500 parents and students for the 2007-2008 academic year. The dollar volume of loans represents a 47% increase over the 2006-2007 academic year and the number of borrowers increased by 32% over the same time frame.

Through the U.S. Department of Education financial institutions are named and then approved by the Governor to be designated as the state student loan guarantor. In 2004, USA Funds was re-designated to serve as the Arizona State Student Loan Guarantor. The Arizona Commission for Postsecondary Education is named through statute to provide oversight of the designated entity.

USA Funds has chosen to be a partner with the State of Arizona in increasing the college going rates. USA Funds serves as one of several sponsors for College Goal Sunday, supported the Developing Arizona's Human Capital Conference, and funded both the Investing in Arizona's Future research study and the printing and distribution of the *Rapid Guide to Financial Aid*.

In addition, USA Funds awarded \$630,000 in new and renewable scholarships to Arizona residents for the 2007-2008 academic year through USA Funds' national scholarship program. These scholarships assist students in financial need — particularly those who are either members of ethnic-minority groups or are physically disabled — as they finance their higher education.

During the past five years, USA Funds has awarded grants and sponsorships totaling nearly \$1.5 million to projects that enhance higher education preparedness, access and success in Arizona.

## **1.7 Arizona Family College Savings Program (AFCSP)**

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings 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. 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, equipment, books, room, and board at any accredited public or private college/university, community college, proprietary or vocational/career/technical postsecondary educational institution in the United States as well as eligible foreign institutions.

In August 2006, President Bush signed the Pension Protection Act into law. Among its many provisions, this sweeping legislation made permanent the 529 plan provisions of the 2001 tax act which were scheduled to expire in 2010. These provisions allow federal income tax-free withdrawals from 529 College Savings Plans for qualified higher education expenses. As of January 1, 2008, additional tax benefits were extended to Arizona residents up to \$1500 for annual contributions made to a 529 plan.

The AFCSP was established as a multiple provider program, ensuring a variety of investment choices for diverse investment needs and risk tolerances of families saving for college. The AFCSP Oversight Committee, as defined by state statute, is comprised of 10 members with financial, tax and legal expertise. This advisory group is responsible for review of the program rules, statute language revisions, and recommendations of review of operational procedures for oversight of financial providers for the AFCSP. The Oversight Committee's main responsibility is to make recommendations to the Arizona Commission for Postsecondary Education, the AFCSP Trustee, of providers and operational oversight procedures. The current roster of the AFCSP Oversight Committee follows.

<b>Arizona Family College Savings Program Oversight Committee</b> <i>Member Roster</i>	
<u><b>State Treasurer Office</b></u> <b>Mark Swenson</b> (By Position) Deputy State Treasurer State Treasurer Office	<u><b>*Individual employed by a community college or university with investment, asset management and financial related expertise</b></u> <b>Dr. Roy Flores</b> Chancellor Pima Community College
<u><b>State Board for Private Postsecondary Education</b></u> <b>Laura Palmer Noone</b> (By Position) Representing the Arizona State Board for Private Postsecondary Ed President Nouveau University	<u><b>*Attorney certified in Estates and Trusts</b></u> <b>Roger D. Curley</b> O.S.C. Chairman Attorney at Law Curley & Allison LLP
<u><b>*Certified Financial Planner</b></u> <b>Mark P. Stein</b> CFP AeGIS Financial Group, Inc	<u><b>*Public Member with knowledge, skill and experience in accounting, risk management or investment management or as an actuary</b></u> <b>Hope Leibsohn</b> Attorney at Law Lewis & Roca, LLP
<u><b>*Public Member with knowledge, skill and experience in accounting, risk management or investment management or as an actuary</b></u> <b>Janice T. Emery, CFA</b> Director, Trust Investments Pinnacle West Capital Corporation	<u><b>*Individual with investment, asset management and financial related expertise</b></u> <b>James Van Houten</b> Stonegate Financial Group, LLC
<u><b>*Public Member</b></u> <b>Vacant</b>	<u><b>*Certified Public Accountant</b></u> <b>Vacant</b>
<b>*Governor Appointed</b>	

In 1999, two financial institutions were selected as depositories and managers of the AFCSP. By 2003, a total of four financial institutions had been approved by the ACPE as AFCSP providers – College Savings Bank, Securities Management and Research (SM&R), Pacific Life and Waddell & Reed. Fidelity Investments joined the Program as the fifth AFCSP provider in June 2005.

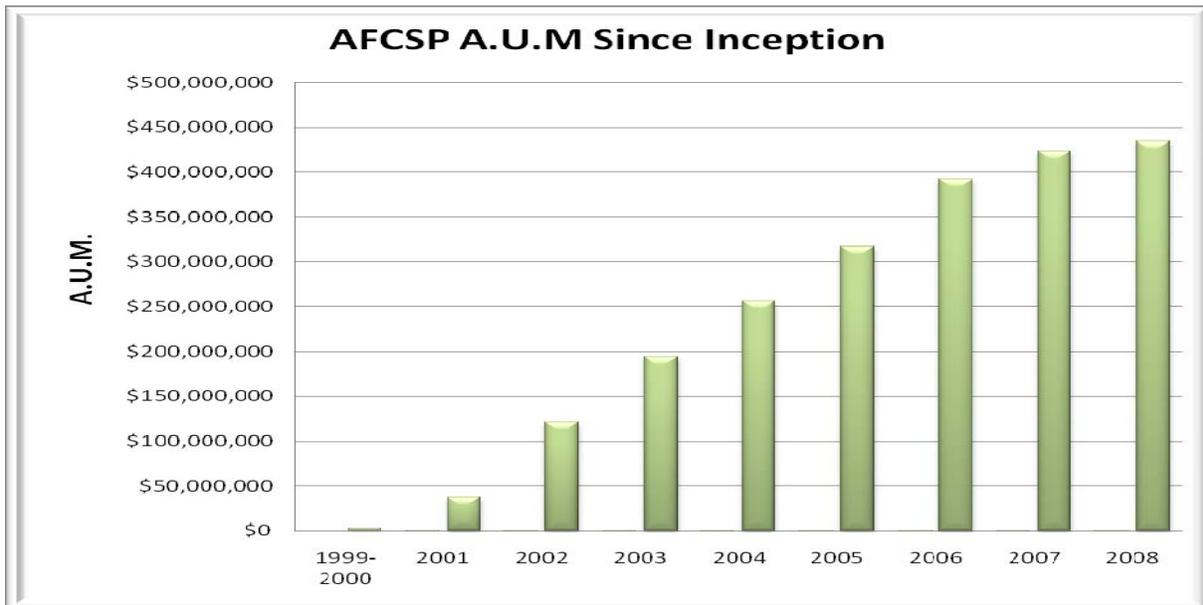
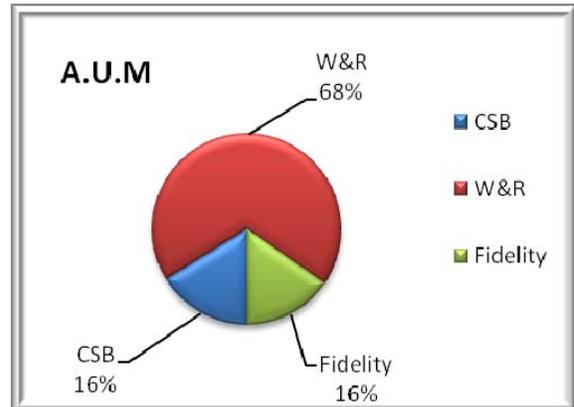
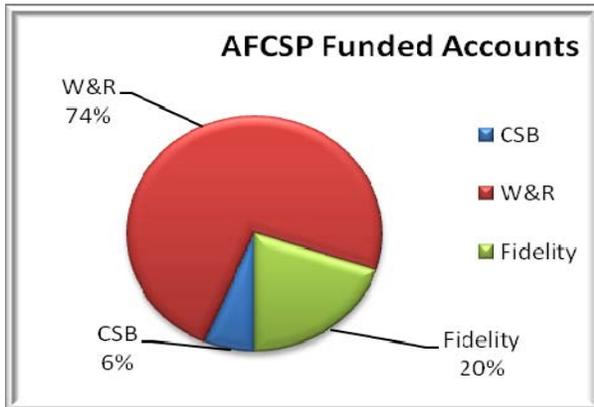
In 2005, the AFCSP Oversight Committee provider review process culminated in the non-renewal of two provider management contracts; the renewal of College Savings Bank’s contract for one year; and the pursuit of an individual contract with Waddell & Reed which at the time was being subcontracted through SM&R. Note that Fidelity’s contract did not come up for renewal in 2006.

The investment options are listed below.

<b>AFCSP Investment Offerings</b>	
<b>College Savings Bank</b> (direct-sold)	
<ul style="list-style-type: none"> <li>• <i>CollegeSure CD:</i> variable rate CD indexed to college costs</li> <li>• <i>InvestorSure CD:</i> variable rate CD indexed to the Standard &amp; Poor's 500 Composite Index</li> <li>• <i>Fixed Rate CD:</i> fixed rate CD with principle and interest guaranteed</li> <li>• <i>Savings Account:</i> 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> </ul>	
<b>Fidelity Investments</b> (direct-sold)	
<ul style="list-style-type: none"> <li>• <i>Two (2) age-based asset allocation mutual fund portfolios</i></li> <li>• <i>Six (6) static mutual fund portfolios</i></li> <li>• <i>Six (6) individual portfolios</i></li> </ul>	
<b>InvestED: Waddell &amp; Reed/IVY Funds</b> (advisor-sold)	
<ul style="list-style-type: none"> <li>• <i>Three (3) age-based asset allocation and static mutual fund portfolio options</i></li> <li>• <i>Seven-teen (17) individual portfolios</i></li> </ul>	

Since its 1999 launch, the AFCSP has experienced significant growth, driven by both Arizona residents as well as non-residents who recognize the importance of preparing financially for the rapidly increasing cost of tuition and the quality of the plan.

In that time, over 57,000 accounts have been opened and AFCSP assets under management have amassed to over \$434 million, realizing a 3% increase from fiscal year ending 2007. The following pie charts illustrate the current allocation of AFCSP funded accounts and Assets under Management (A.U.M.) represented by each of the three providers and the bar chart illustrates the increase in AFCSP A.U.M. since inception.



In 2007, the Office of the Auditor General conducted a Performance Audit on the Arizona Commission for Postsecondary Education. The Performance Audit provided an evaluation on the Agency's programs and completed a very thorough review of the Arizona Family College Savings Program. The Auditor General's conclusion of the Arizona Family College Savings Program stated: "Although its investment performance has been mixed, Arizona's 529 program offers most of the features of a high-quality program."

The Auditor General's evaluation concluded that "Arizona's 529 Program has most features of high-quality program". These features included:

- Low fees and expenses for accountholders
- Attractive State income-tax incentive
- Wide array of investment options
- High limit on account contributions
- Low required-minimum contributions

The Auditor General's Office presented two findings and provided several recommendations to further enhance the program. The Auditor General's Office will continue to follow up at 6-month intervals with the Commission on the status of those recommendations that have not yet been fully implemented. The current status of Auditor General's recommendations as of October 31, 2008 is as follows:

- 5 have been implemented
- 3 are in the process of being implemented: and
- 8 are not yet applicable

In 2008, the severe financial economic downturn contributed to market corrections on a global scale. As a part of the severe correction in the financial markets, the AFCSP assets under management decreased in the later part of the year indicative of the depreciation in the stock market.

The AFCSP providers reported they experienced varied responses from investors as a result of the economic situation. For example, rather than withdrawing funds from their plans, Fidelity and Waddell & Reed participants often exchanged more aggressive portfolios for more conservative investment options such as Conservative and Money Market Portfolios. In contrast, the market conditions were advantageous to College Savings Bank. New accounts and deposits were up along with incoming rollovers, approximately 1,000 in October, due to the conservative nature of the College Savings Bank options and FDIC insurance on all of their products. Overall in 2008, the AFCSP experienced a substantial decrease in assets under management due to the market correction and not from the withdrawal of 529 funds from plan participants. This signifies that 529 plan participants are committed to the importance of saving for college and recognizing that it is an important long term investment.

In 2008, the ACPE oversaw several initiatives to strengthen the Program for the benefit of investors. These initiatives included: (1) AFCSP providers offering additional quality and competitive savings options to families, (2) informing Program participants on the importance of saving for college and providing a wide array of savings options in order for the plan participant to make informed investment decisions, and (3) maintaining the integrity of the Program by providing continued oversight of the Program including a rigorous Annual Provider Review Process. These Program enhancements have arguably caused the Arizona Family College Savings Program to be ranked one of the most desirable plans in the nation.

First, the Arizona the Family College Savings Program has increased its conservative program offerings. College Savings Bank introduced two new investment options. College Savings Bank's first investment option implemented in 2008 is its InvestorSure CD. The InvestorSure CD is a variable rate certificate of deposit indexed to the Standard & Poor's 500 Composite Index (S&P 500). Next was the introduction of the Fixed Rate CD option which is College Savings Bank's most conservative CD option and offers a fixed interest rate for 1-yr or 3-yr terms. Such options are particularly attractive to families in this economic environment.

In addition, in late 2008, College Savings Bank offered plan participants two additional savings options, the Accumulator Account and the basic Savings Account. Unlike many investments, all College Savings Bank's investment options offer principal guarantee and each option features FDIC insurance to at least \$250,000 per depositor.

Second, on October 1, 2008, Governor Janet Napolitano proclaimed October as "College Savings Month" for Arizona; a state-wide education initiative to create an increased awareness among Arizona families about saving for a child's college education by participating in the Arizona Family College Savings Program (AFCSP).

This year a leading Arizona marketing firm coordinated a public relations effort with the three AFCSP providers to draw attention to "College Savings Month". The main theme of the campaign was to communicate that even in this volatile financial economy, you can easily start a 529 plan with as little as \$15 per month with an automatic direct deposit and combine it with your child's total college financial package which may include financial aid/loans, scholarships, and other savings options.

Lastly, the key initiative carried out in 2008 was providing targeted oversight of the Program through a rigorous Annual Provider Review Process conducted by the AFCSP Oversight Committee. The integrity of the Program is maintained by this provider review process and its main objective is to communicate clear expectations, holding providers accountable to contract terms, and strengthening the partnership between the provider and the State. This process has proven to be a valuable tool in measuring AFCSP provider performance in each of the following categories:

- customer service/satisfaction
- performance & fees
- marketing efforts (local and national)
- compliance (internal controls, legal/compliance issues, IT security, etc)
- provider partnership

In 2008, the AFCSP provided a greater emphasis on customer service through evaluation of customer service and satisfaction survey feedback results of the three AFCSP providers. In addition, the AFCSP also evaluates the total number of complaints for each provider for the year, percentage of those complaints resolved, the top two complaint categories and resolution of the issues.

In conclusion, given the financial turbulence in this global economy, 2008 was a remarkably stable year for the Arizona Family College Savings Program. This can be attributed to the decisions made by Commission, Oversight Committee, and the efforts by the AFCSP providers. In addition, 2008 produced several notable accomplishments, including Waddell & Reed being ranked #1 on *BARRON'S Best Fund Families for 2007*; Fidelity and Waddell & Reed both ranked in the Top 10 of *BARRON'S Leading Fund Families for the Last Decade*; and SavingforCollege.com's assessment of the AFCSP providers with an average score of 3.8 out of 5 – Cap Ratings for 2008.

The AFCSP Oversight Committee and the Commissioners who serve as Trustees continue to identify improvements and mount initiatives that will lead to the AFSCP mission of *assisting Arizona families to financially prepare for postsecondary education by providing quality college savings choices*. For a copy of the Arizona Family College Savings Program's Annual Report please visit [www.azhighered.gov](http://www.azhighered.gov).

## **Goal 2: Implement strategies to help students and families plan, enroll, and succeed in postsecondary education**

Research indicates that almost every parent holds the dream of college attendance for their child, and many adults seek higher education for personal/professional development. The Arizona Commission for Postsecondary Education endeavors to expand access and increase success in postsecondary education for Arizona families. Providing information for college decision-making, initiating programs to assist students and families access student financial assistance, and supporting efforts to increase college-going rates are strategies used to assist Arizona families, adults, and K-12 students.

The ACPE enters into programs and partnerships to assist parents and students as they plan for their dream. It is important to note that strategies 2.1 through 2.6 are all funded through grants, fees, and sales by ACPE staff. Reduced personnel and increased legislative requests are making it more difficult to continue these programs. Likewise, grant funding is becoming less available and more time intensive to secure. Regrettably, the foster youth initiative funds (section 2.7) were returned as part of the reduction in 2008-09 which places its future in jeopardy.

It is realistic planning with appropriate and accurate information that will assure a child is academically ready, the family financially prepared, and that student and family expectations are in line with the realities of postsecondary education. Adult and returning students are also an important part of ACPE program planning. This goal seeks to improve Arizona's student success in achieving a postsecondary education.

### **2.1 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. Listings may include course offerings, length of study, costs to attend, financial aid programs available, and the institution's web site so a prospective student has easy access to information. This document is the single source of this information for the state and is widely used by K-12 counselors, high school students, higher education institutions, and the information seeking public. The ACPE has compiled and disseminated the publication since 1975.

The ACCG document was revised throughout FY07-08 including reformatting to make it easier for students and counselors to read and research Arizona schools. Plus, 60 of Arizona's new private postsecondary institutions were added to the document making it a more complete and thorough reference source. The formatting changes undertaken in FY 07-08 also provided postsecondary institutions the opportunity to economically advertise their programs. Due to reduced staff and the time required to make these extensive revisions, the ACPE was unable to distribute the document in FY07-08. However, in the fall of 2008 15,000 copies of the ACCG were printed and 14,000 will be

distributed free of charge to public high schools, libraries, college access programs, state agencies, prisons, vocational rehabilitation counselors, and higher education institutions. In addition, the ACCG is available online at the ACPE web site at <http://accg.azhighered.gov> which had a total of 8,883 hits in FY07-08. Publication and distribution costs of the ACCG (\$14,000.00) are financed through paid advertising in the publication and per individual book fees (\$5 each or \$3 each for ten copies or more).

The publication is a favorite of high school and career counselors. In addition, the Arizona GEAR-UP advisors requested 2,500 copies of the ACCG 2007-2008 publication so they can distribute it to economically disadvantaged high school seniors. Furthermore, the ACPE has used the College and Career Guide as a promotional tool to increase attendance at College Goal Sunday where families get help completing the Free Application for Federal Student Aid (FAFSA) form, to encourage parents to learn how to financially prepare for college expenses by downloading the *College Savings Planner*, and to provide information to counselors about the ACPE's free college-going literacy materials available for K-12 students. Additionally, the ACCG provides the perfect opportunity for the ACPE to inform students and counselors about the various Arizona grants administered by the ACPE.

The Commission plans to give the important Arizona College and Career Guide web site a face lift in FY08-09 so that it is easier to navigate and more attractive and up-to-date for high school and adult re-entry students' use.

## **2.2 Arizona Commission for Postsecondary Education (ACPE) Website**

In 2008, the ACPE website was continually updated and improved to provide Arizona families with ever-changing information on student financial assistance, postsecondary education choices, and career exploration. As mentioned earlier in this report, the ACPE was assigned as administrator of the Early Graduation Scholarship Grant (EGSG) program and the website was revised to provide educators and students details on the grant. The website is laden with important information about student financial aid. A measure of the success of our web site is the number of visits – 84,098 during FY 2008. The ACPE web site can be viewed at [www.azhighered.gov](http://www.azhighered.gov) and is the portal to the ACCG Guide, Arizona 529 Plan, AMEPAC reports, Arizona grants, and College Goal Sunday.

The [www.azgrants.gov](http://www.azgrants.gov) website was launched in July, of 2008. This website sponsored by the ACPE is the single portal for students to apply for the PEG, PFAP, EGSG, ACAAP and SLEAP grants. This interactive website not only allows student to apply for the grants, but based on information provided, informs students which grants program for which they qualify. Additionally, Postsecondary institutions certify students on-line if they meet institution requirements and the ACPE awards grants to students on-line.

### **2.3 College Goal Sunday (CGS) Program**

The Arizona Commission for Postsecondary Education hosts an important statewide annual event titled College Goal Sunday (CGS). College Goal Sunday has been organized for the past eleven years by the ACPE. The 13<sup>th</sup> annual event is being planned and will be held on February 7<sup>th</sup> and 8<sup>th</sup>, 2008 at 30 sites throughout Arizona. Seven sites throughout the state will be holding a Saturday edition in order to accommodate our constituents who are unable to attend on Sunday.

The goal is to provide assistance to high school seniors and their families or to adults entering postsecondary education in completing the Free Application for Federal Student Aid (FAFSA) form. The overall purpose is to help students and families, especially first generation college applicants, understand the value of applying for student financial aid, take the important first step of completing the FAFSA, and ultimately access postsecondary education.

The event is offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). In 2008, College Goal Sunday was held in 29 Arizona communities on February 10<sup>th</sup>. On this Sunday afternoon, more than 312 volunteer financial aid professionals from Arizona's colleges/universities, as well as high school counselors, mobilized to assist high school seniors and their families in completing the FAFSA form and learn about the financial aid process. Three thousand four hundred and twenty-one students and parents attended. Since 1997, over 30,000 students and their families have been helped by this event.

This event successfully achieves its purpose. The 2008 College Goal Sunday survey reported that for 40% of the students attending neither parent attended any college; an additional 24% indicated a parent had attended some college but neither parent had attained a 2- or 4-year degree. Therefore, the total percentage of first-generation students attending in 2008 was 64%. This is a 8% increase over last year.

A high percentage of low-income and minority families are first-generation college-goers; therefore, the ACPE was pleased to find that 45% of those assisted at the event reported having an annual income of \$40,000 or less. Furthermore, the 2008 event survey also indicated a 36% Hispanic, 4% Native American, and 7% African-American participation rate.

ACPE sponsors the [www.collegegoalsunday.com](http://www.collegegoalsunday.com) website which received almost 27,000 hits in FY07-08.

Another plus in 2008, was that 100% of the CGS sites offered FAFSA on the web. Computer labs were opened to help families complete their FAFSA on-line. In 2009, 100% of the College Goal Sunday sites will offer FAFSA on the web. Additionally, most sites offer Spanish or Navajo interpreters.

As the host of this event, the ACPE seeks grants to fund the activities and provides the leadership to implement the event. Grants were secured for the 2009 event from USA Funds, and Lumina Foundation.

## **2.4 “Countdown to College” Sunday Insert**

In 2008, an 8-page Sunday insert, entitled “Countdown to College” was published in the Arizona Republic and Tucson Daily Star and distributed to approximately 800,000 households the Sunday before College Goal Sunday. USA Funds underwrote the basic publication cost of this insert.

This postsecondary literacy document is a resource guide to help students and families learn more about financial aid and college access, as well as promotion of the College Goal Sunday statewide event. The 2008 “Countdown to College” included several financial aid success stories, information on federal programs that offer financial help for college, and Arizona state grant and scholarship opportunities such as PFAP, PEG, EGSG, AFAT and LEAP.

The Countdown to College insert is an example of a collaborative effort between the ACPE and the state guarantor of student loans. This publication is scheduled again in 2009 and will be distributed as a special insert in Phoenix, Tucson, and outlying areas to nearly 800,000 households on February 1, 2009. The success of this publication is measured at each College Goal Sunday event by observing the large number of participants who attend with the document in hand.

## **2.5 College Access Publications**

The Arizona Commission for Postsecondary Education is dedicated to strengthening the commitment of children and youth to obtain a higher education. Toward this end, a general education awareness and information campaign for students and their parents titled *Think College* was developed to emphasize the importance of staying in school, raising expectations, and creating a positive attitude among students and their parents about postsecondary education possibilities.

In the past, *Think College* was comprised of three publications and were sponsored by two financial partners as follows: (1) USA Funds sponsors *Measuring Your Child’s Progress: Preparing Your Child for Higher Education* for middle school through high school parents and (2) Ed Funds sponsors *Carlton Q. Cat: Cool Cats Stay in School* for third and fourth grade students and *The Future 5: The Power of Your Mind* for seventh and eighth grade students. Thanks to the generosity of these partners, these publications were provided to the schools free of charge.

In 2006, a thorough review of these publications, their value to students and families and the time and expense of distribution was evaluated. As a result, the printing of *Carlton Q Cat*, *The Future Five*, and *Measuring Your Child’s Program* was discontinued

in FY07. However, the Commission had a large supply of *Carlton Q* and *Future Five*, and in FY 08 was able to fill requests for these documents from elementary and middle school administrators so that all remaining documents totaling 11,650 were distributed statewide.

In keeping with the Commission's goal to help students and families plan, enroll, and succeed in postsecondary education, the Commission staff undertook a new college access publication project in FY 08. Staff modified the *Rapid Guide to Financial Aid* publication to include Arizona specific information. This *Guide* includes step-by-step instructions for applying for financial aid (both public and private), scholarships, grants, loans and saving for college. USA Funds sponsored the printing of 16,000 of these guides and the Commission notified public high school and charter school counselors that these guides were available. There was a tremendous response and school counselors ordered approximately 38,000 copies of the *Guide*. The Commission had a dilemma on how to distribute the *Guide*, but decided to fill all small order of less than 100, then fill all orders in rural areas, then to fill order of Title I schools. This means that many of the more affluent schools were not be able to receive copies of the *Guide*.

Because of the popularity of this publication, USA Funds has agreed to sponsor printing of 25,000 copies of the English version of the *Guides* in FY 09. Additionally, the ACPE received many requests for a Spanish version of the *Guide*, and USA Funds offered to provide funding to print 2,500 copies of the Spanish version. The Commission is currently in the process of reviewing the Spanish version of the *Guide*. Both the English and Spanish versions of the *Guide* will be printed in December of 2008 and the ACPE is currently taking orders so that it can be distributed in the spring.

And finally, the ACPE provided a sixth year of editorial direction for the *Phoenix Magazine* August edition higher education section. This opportunity provides information to families across the state to learn more about the higher education options within Arizona. *Phoenix Magazine* subscribers and newsstand sales total 72,000.

## **2.6 Developing Arizona's Human Capital Conference/Pathways to Education Awards**

*The most recent Developing Arizona's Human Capital: Addressing Today's Postsecondary Education Challenges Conference* was a two-day event held on November 8 - 9, 2007. This conference was funded by USA Funds and Harrison Middleton University along with helped the Commission sponsor the event. Other sponsors included Maricopa Community College District, Arizona Board of Regents, Helios Education Foundation, Southwest Gas, University of Arizona, and SRP. The purpose of this conference was to draw together policy makers to examine data and consider policy implications of capacity, access, student financial assistance, outreach, and preparation for postsecondary education as it relates to developing Arizona's human capital. Tom Mortenson, Senior Scholar of the Pell Institute for the Study of Postsecondary Education Opportunity, was the keynote speaker for the conference.

His presentation centered around a variety of postsecondary education statistics for Arizona and how they compared to other states and the nation as a whole. The conference was successful in meeting the Commission's goals and approximately 200 individuals participated.

The Commissioners and staff have started planning the 2009 Developing Arizona's Human Capital Conference scheduled for November 12<sup>th</sup> and 13<sup>th</sup>. The first steps of securing sponsors and keynote speakers are underway.

## **2.7 Foster Youth Postsecondary Education Case Manager Program**

In the 2007 legislative session the Arizona Commission for Postsecondary Education was asked to undertake a project to increase the support offered to foster care youth and young adults as they transition into, attend, and complete postsecondary education. The project began with the expectation of annual funding for an on-going mentoring/case management project to support foster care young adults through a successful postsecondary experience. The State budget shortfall and the reality of limited resources forced the ACPE to seek a new approach to address the needs of these young people. This approach involved three steps in 2007-08: (1) assessing existing supports, (2) expanding and strengthening supports by increasing connection, collaboration, and coordination of supports across sectors and systems, and (3) producing practical resources and building infrastructure that would enhance postsecondary education success in the future.

The results of the first year of the project included

- publication and dissemination of *Supporting the Postsecondary Education Success of Arizona Foster Care Youth and Young Adults* in July of 2008,
- initiation of the Southern Arizona Foster Care Youth Mentoring Program housed at Pima Community College, Downtown Campus June 2008 through June 2009,
- on-going convening by the Children's Action Alliance of stakeholders focused on collective action, and
- an agreement for development and hosting of a postsecondary education resource and referral website to be launched in fall of 2008 specifically for Arizona foster care youth by ChildHelp of Arizona.

It should be noted that the ACPE staff is overseeing these contracts with no remuneration and limited personnel in 2009. The choice was made by the ACPE Executive Director to contract for the Foster Youth Mentoring Program with Pima Community College rather than hire case managers with these funds. This decision was based upon (1) the impending ACPE budget reduction for FY 2008-09, and (2) the unpredictability of future general funds appropriations for this program. In fact, the

\$100,000 appropriated for this program in 2009 was part of the budget reduction, yet the foster youth/young adult case manager program is being executed through June of 2009 via contracts accepted in June of 2008 by Pima Community College, ChildHelp, and the Children's Action Alliance.

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

The Arizona Commission for Postsecondary Education provides a unique statewide forum for senior level representatives from universities, community colleges, independent colleges, and private training and career colleges to identify mutual opportunities and problems in postsecondary education. In addition, two superintendents of large 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, business leaders, at ACPE meetings and events that warrant further investigation and policy analysis. In addition, Commissioners have established a standing Postsecondary Needs Committee that is called upon to identify opportunities for collaborative action. Issues that have been identified as important through these processes include access to and success in postsecondary education of minority populations and low-income families, low high school completion rate, student advancement through the segments of Arizona's higher education system toward a baccalaureate degree, and reduction or elimination of the financial barrier 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. And the second strategy is to establish or participate in collaborative action groups or task forces, informed by research, to plan strategies to seize opportunities or solve problems identified by the Commission. It is disappointing to note that the productive and beneficial operation of both the Student Financial Aid Task Force and the Articulation Task Force have been suspended due to a lack of staff time and reductions in staff.

#### **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 effecting minority access to and achievement in higher education. Results of this policy analysis are both published research papers and the initiation of forums or roundtable discussions on pressing issues related to the mission.

AMEPAC's most recent major research effort was a commissioned study from two Arizona researchers, Tonya M. Drake, Ph.D. and Nancy L. Osborne, M.Ed. The focus of their research is minority student success. This report is the third in a series also published in 2003 and 2005. The study provides a 'snapshot' of the educational

achievement of minority students in Arizona, from kindergarten through college. It is designed to furnish a structure for evaluating progress in minority educational success. The study titled *Minority Student Report 2007: A Snapshot of Arizona's Educational Achievement* was introduced at the Developing Arizona's Human Capital Conference and one of the authors, Nancy Osborne, compared 2007 statistics to 2003 and 2005. The report was printed courtesy of SRP and 1,300 copies of the report were distributed to legislators, business leaders and educators. At the time of writing this annual report, the ACPE is in the process of procuring researchers to work on the 2009 report. AMEPAC plans to add more data to the '09 report and complete a trend analysis of data once the 2009 information is included. Further, AMEPAC members hope to be able to make policy recommendations after reviewing the trends revealed by the data. AMEPAC's goal is to have this report published and distributed by May of 2009. SRP will again be approached to sponsor the printing of this study.

AMEPAC members are also undertaking a major strategic planning effort to enhance the impact of the Center and its 16 volunteer members over the next year. In the new strategic plan AMEPAC will shift its research focus to the broad societal consequences of Arizona's low college-going rate. What is the demand for education from the Business, Government and general employment sectors? Can the education system fulfill the needs of the labor market? What happens to the society as a whole (macro) and individual people (micro) if the education system fails to meet the demands of the labor market? In the fall of 2008 AMEPAC contracted with the Morrison Institute to prepare a paper that highlights the questions that need study. This paper will be used to market the full study to potential sponsors and partners to help with this proposed research and policy analysis. Members believe that accurately researching this study will require the help of a major business, education or philanthropic partner. Their goal is to launch the results of this study at the 2009 Developing Arizona's Human Capital Conference on November 12-13.

### **3.2 Postsecondary Articulation/Transfer Task Force (PATTF)**

The Postsecondary Articulation/Transfer Task Force (PATTF) is charged by the Commission with identifying potential areas for articulation and encouraging articulation possibilities among postsecondary institutions. The goal of the Task Force is to ensure student access to the baccalaureate. The Task Force has been in suspension; however, Commissioners requested that the PATTF be reconvened in order to continue to refine its mission and goals and to identify a program of work for the next few years.

Previous Task Force members set five long-term goals for the group including (1) educate others regarding articulation, (2) examine trends in transfer and articulation, (3) recommend guidelines/principles for establishing articulation agreements, (4) recommend the addition of accountability/outcome measures for transfer students, and (5) establish a "clearinghouse" for dissemination of information.

One of the outcomes of the PATTF was a Commission sponsored conference which resulted in numerous articulation agreements between private and public Arizona postsecondary institutions. Held in October of 2005, the ACPE PATTF, in conjunction with the Academic Program Articulation Steering Committee (APASC), held the *Next Step: Articulating Private & Public Postsecondary Education in Arizona* Conference. The Commission would like the staff to again address these important issues; however staff and budget reductions have not permitted the focus necessary to reinstate this issue centered task force..

The ACPE staff looks forward to working with the new members of the Task Force to refine the existing mission and goals and to plan a new program of work in the future.

### **3.3 Student Financial Aid Task Force**

Members of the ACPE convened a Student Financial Aid Task Force Task Force to work to improve financial access for students entering postsecondary education in 2004. For several years a collaborative group of thirty-five business, community, philanthropic and education leaders focused on the mission of *raising the awareness of and support for solutions to financial barriers to postsecondary education access and attainment for low-income students.*

In March of 2005, a research study commissioned by the ACPE was released at a forum with over 100 policy makers, state administrators, business, philanthropy, and legislators in attendance. The study, titled Investing in Arizona's Future: College Access, Affordability, and the Impact of Investment in Need-Based Financial Aid was sponsored by USA Funds and authored by Dr. Jamie P. Merisotis of the Institute for Higher Education Policy and Dr. Jose Luis Santos of the University of Arizona Latina/o Research Initiative.

This event heightened awareness of the lack of financial aid available to students in the state. The initial goal of the Task Force was to quantify and inform policy makers regarding the issue of student financial assistance in Arizona. This was at least partially accomplished through the publication of Investing in Arizona's Future.

The next goal was to expand the number of stakeholders aware of and committed to providing financial access to postsecondary education for Arizonans. The initiative was placed on hiatus when the responsibility of the development and implementation of the Postsecondary Education Grant was assigned to the ACPE staff with a mandate for it to be up and running in FY 2007. Commissioners are interested in reinstating this initiative, but staff support for such a time intensive collaboration has not been available.

## Conclusion

This report reflects the outcomes of the fourth year of a 5-year strategic plan initiated by ACPE Commissioners which is focused on three goals. It also outlines the impact of the recent budget reductions and hiring freeze on these goals and ACPE statutory responsibilities. The goals identified in the strategic plan are (1) increasing available student financial resources, (2) implementing strategies to help students and families, 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 ACPE was impacted in FY 2008 and FY 2009 both by legislative action and the recent economic downturn. New responsibilities placed on the ACPE include administration of the Postsecondary Education Grant (PEG) program which was initiated in the 2007, the Early Graduation Scholarship Grant Program which was established in the 2007 Legislative session, the Foster Youth Postsecondary Education Case Manager Program (2007 legislative session), and the Arizona College Access Aid Program and SLEAP grant programs.

It must be recognized, however, that the recent State revenue shortfall and subsequent budget reductions have hampered the Commission's efforts to effectively support all of these new initiatives. The ACPE is functioning with less than 70% of the approved staff positions filled. The Commission also experienced severe budget reductions in FY2008 when the ACPE was asked to return 50% of all appropriated general funds; furthermore, in 2008-09 the agency was required to return 3.05M or 41% of all appropriated general funds.

These sizable reductions in appropriated funds resulted in the popular Postsecondary Education Grant (PEG) Program the Private Postsecondary Financial Assistance Program (PFAP) being severely curtailed. A 77% reduction of PEG funds caused the ACPE to cease awarding student grants in April of 2008 due to lack of funds. Student grant funding suffered again when the FY 2009 budget reductions decreased the funds available to students for PEG grants by 53% and by 50% for PFAP. Moreover, in late October the Commission was asked to suspend all new PEG and PFAP student grant awards while negotiations for further budget reductions take place. At the time of this writing, more than 1,400 student applications are on hold awaiting these decisions.

Effective administration of the varied ACPE programs has been difficult with fewer staff striving to perform more duties. In response, the staff has focused their work on the core financial assistance programs. These essential functions include (1) communication with students and families who have lost grant funding, (2) effective administration of existing grant programs, (3) oversight and improvement of the Arizona Family College Savings Program, (4) building a PEG and PFAP loan repayment program to address the imminent statutory obligation, and (5) continued coordination of the College Goal Sunday financial literacy initiative which is needed by families more than ever due to difficult economic times.

It is also important to note, that focusing on the effective administration of the core financial assistance programs assigned to the Commission has been successful and has resulted in achievements which are worthy of mention. For example, in FY 2008 more than 7,250 student grants were disbursed; this is a record number for the ACPE. Also, the growing popularity of the new Postsecondary Education Grant (PEG) and the Early Graduation Scholarship Grant programs with students and families is remarkable and largely due to repeated and targeted awareness activities undertaken by the ACPE staff.

Additionally, the launch of a new student financial assistance website portal has been very well accepted by students, families and postsecondary institutions. This portal provides a single application to students for 5 grant programs and allows colleges and universities to conveniently certify attendance and academic progress for 6 separate grants. Furthermore, all aspects of administration of the Arizona Family College Savings Program (AFCSP) continue to improve. In the past year, the program has been recognized in several publications for exceptional investment performance and desirable investment options. Several attractive conservative, FDIC insured investment options have been recently added. The Arizona Family College Savings program is assisting families prepare for the costs of college through tax-deferred and tax free investment earnings and currently holds more than 49,000 college savings accounts.

The Commission goals of (2) helping students plan, enter, and succeed in postsecondary education and (3) of providing a forum for all sectors of higher education to dialogue, partner, and problem solve issues of mutual interest are funded through grants, fees, and donations. These goals are supported through policy analysis and research, collaborative action led by ACPE task forces, and participation in college access initiatives led by foundations, government, or non-profit entities with similar missions.

These initiatives are time intensive and thus are impacted by the four unfilled staff positions and increased workloads. Regrettably, valued and worthwhile ACPE initiatives such as the Student Financial Aid Task Force, the Articulation Task Force, and the Case Manager Program for Foster Care Youth and Young adults have been delayed, suspended, or contracted out due the lack of adequate staff support. Specifics of the effects of this reduced support are described within this report.

In spite of the staff and budget reductions, the ACPE continues to provide pertinent and state specific college awareness and student financial assistance information to Arizonans through the *Rapid Guide to Financial Aid*, *Arizona College and Career Guide*, Countdown to College Sunday insert, informational college-going publications, and the ACPE websites. Each of these programs, resources, and college awareness publications are offered at no expense to the State, but rather are sponsored through grants, collaboration, or sales. In FY 2008 more than 3,400 students and parents received assistance from financial aid professionals in completing the FAFSA, more than 18,000 visitors received web-based assistance in completing the FAFSA on-line,

over 110,000 publications were printed and distributed to families, and more than 84,098 visits were paid to the Commission website.

Finally, the forum provided by the Arizona Commission for Postsecondary Education promotes dialogue and identification of common issues among all sectors of higher education. In 2007-08 the College Goal Sunday involved more than three hundred financial aid professionals and earned more than \$127,000 in kind community support. Likewise, the ACPE staff has established relationships with the ADE and DES staff to plan and initiate the Early Graduation Scholarship Grant program and the Foster Youth Case Manager Program. Also, a research paper is being commissioned by AMEPAC that will contribute to the knowledge base of student access and success in Arizona higher education. The ACPE will continue, as staff and budget allow, to initiate and support collaborative groups comprised of stakeholders, develop research studies, and convene conferences or roundtable discussions that can identify postsecondary education opportunities and seek solutions to problems.

And finally, in an effort to fulfill the ACPE mission, the Executive Director serves and supports a number of related task forces and initiatives such as the City of Phoenix College Depot, Arizona College Access Grant Committee, ACT Advisory Committee, and the Centennial Scholars Steering Committee. The ACPE works in collaboration with these groups and many others to improve the opportunities for students to move within postsecondary education in a seamless manner.

The Arizona Commission for Postsecondary Education has identified a mission of *expanding access and increasing success in postsecondary education for Arizonans*. The Commission intends to initiate a planning process in 2009 to develop a new ACPE strategic plan taking into account the changing environment of student financial assistance, families and students and their expectations for postsecondary education, and higher education in Arizona.