

ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION

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

ANNUAL REPORT

FISCAL YEAR 2006 - 2007



Arizona Commission for Postsecondary Education

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December 27, 2007

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.

The year 2007 brought both opportunity and challenge to the ACPE in the form of the implementation of the new Postsecondary Education Grant (PEG) Program and the development of the Early Graduation Scholarship Grant (EGSG) Program. The PEG Program is designed to provide financial assistance to both adult-returning and traditional-aged baccalaureate-bound students attending a private postsecondary college or university. This program is also intended to build the Arizona's postsecondary education capacity. The EGS Program is designed to provide an incentive for high school seniors to



The Arizona Commission for Postsecondary Education (ACPE)
2006 - 2007 Annual Report

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

Submitted December 27, 2007
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 eight 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 third year review of goals, performance, and outcomes as outlined in the plan.

Through this planning process, the 16 Governor-appointed 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(a)-3(n)6(cial)-11(reso)-42i3sETBTr

Commissioners 2006 - 2007

Arizona Commission for Postsecondary Education

Michael R. Rooney, Chair
Attorney at Law
Sacks Tierney, P.A.

Dr. Sarah Bickel
Associate Provost for Student Affairs
Northern Arizona University

Dr. Debra Duvall
Superintendent
Mesa Unified School District #4

Dr. Eugene Garcia
Vice President for Education Partnerships

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 Financial Assistance Program (PFAP), (3) development and implementation of the new 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

**Leveraging Educational Assistance Partnership (LEAP)
Seven Year Summary of LEAP Awards
FY2000-2007**

Year	Total Funds Awarded	Number of Awards	Average Award Amount
2000-2001	\$2,990,497	4,595	\$651
2001-2002	\$2,811,358	3,805	\$739
2002-2003	\$2,838,854	3,700	\$767
2003-2004	\$2,864,937	4,357	\$658
2004-2005	\$2,853,358	3,870	\$737
2005-2006	\$2,808,172	4,131	\$679
2006-2007	\$2,855,382	3,874	\$737

The state of Arizona LEAP administration is decentralized; therefore, the Commission delegates certain functions to participating institutions. 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.

Therefore, the changes in the size of the award and the number of grants given are partially determined by each postsecondary institution according to their enrollment plan. Decisions are made by each institution, within federal parameters, on how best to use the money for both students and institutions. This decentralized system has been successful for the 47 institutions participating each year.

Compliance with federal guidelines is critical to effective LEAP administration. Detailed reports to the U.S. Department of Education are required to be filed by the ACPE. Furthermore, on-site LEAP program compliance audits are performed

Abandonment of the roster submission from the institution to the ACPE for transmission of funds multiple times each year
Roster submission is being replaced with disbursement of funds to institutions

In addition, the 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. The Commission received the first PEG application at 12:01a.m. and twenty-three applications were received between midnight and 2:00 a.m. on that first day. Over the first three months (March – June) of the PEG program 1077 grants for a total of \$1,834,777 were disbursed to eligible students. The average award was \$1,703. Attached to this narrative is a chart depicting the distribution of students among the eligible institutions in this first 3-month grant cycle.

Implementation in FY 2007-08:
A Progress Report on the First Four Months of the PEG Program

The Second year of administration for the PEG program brought about new opportunities for the students and postsecondary institutions. In the 2007 Legislative Session S.B. 1069 was passed reducing the restrictive nature of the original bill, thereby allowing for more applicants to qualify for the PEG program.

Technology to administer the PEG program remains a challenge, but a solution is in process. Currently, the ACPE must rely on postsecondary institutions to perform the labor-intensive manual certification of student eligibility for the grant.

coupled with radio interviews and new marketing materials are designed to increase the participation and the awareness of the PEG Program.

During the first four months of FY 2007-08 the Commission awarded 1,707 grants, for a total of \$3,200,750. The average award at this time is \$1,875. A chart depicting the

Qualifying Schools Attended by Grant Recipients

American Indian College of the Assemblies of God

Anthem College Online

Chaparral College

Collins College

DeVry University

Embry-Riddle Aeronautical University

Grand Canyon University

ITT Technical Institute – Tempe

ITT Technical Institute – Tucson

Midwestern University

Northcentral University

Ottawa University

Prescott College

Remington College

Southwestern College

The Art Center Design College

The Art Institute of Phoenix

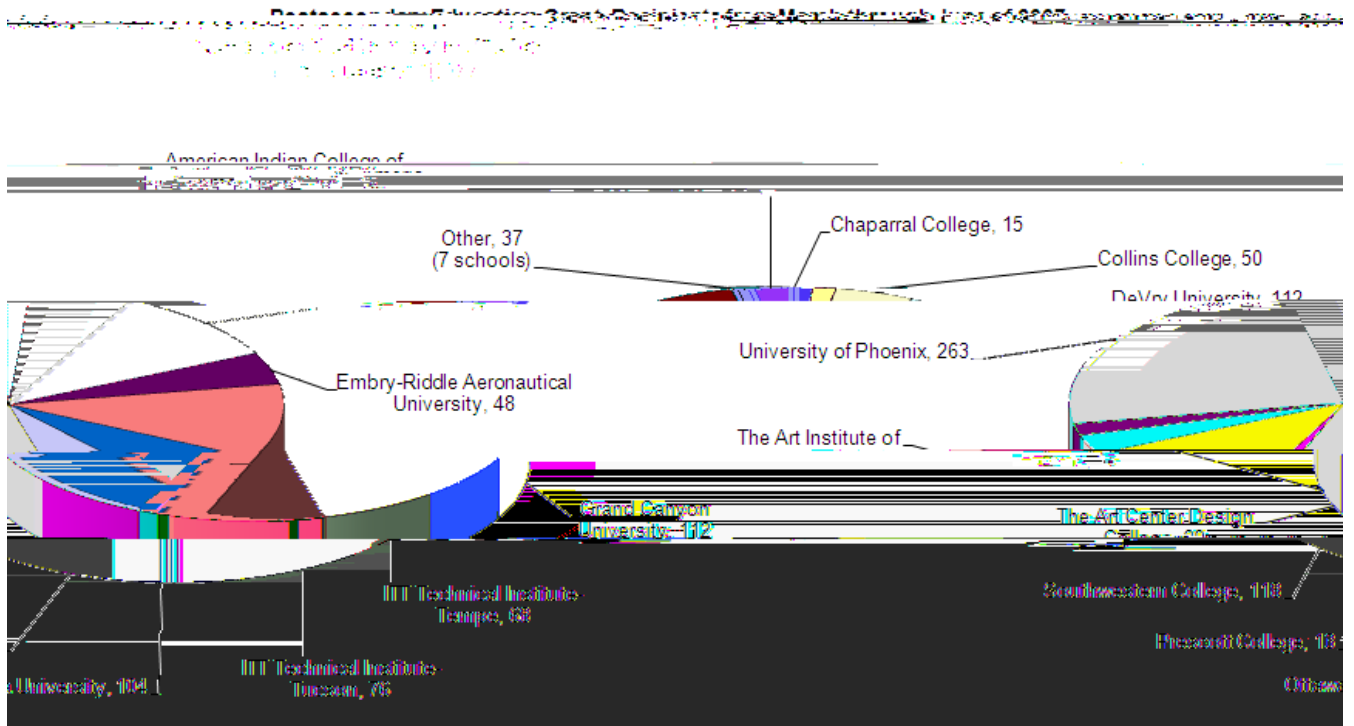
Tucson Design College

University of Advancing Technology

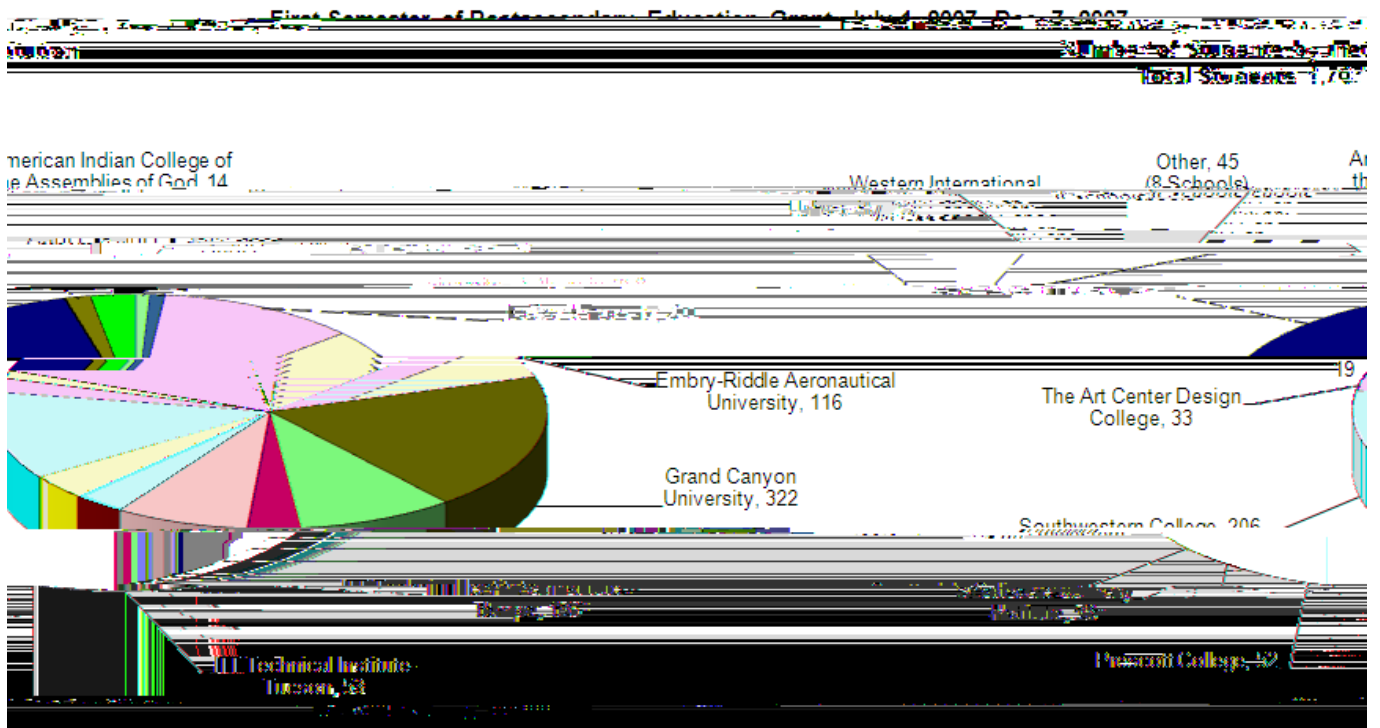
University of Phoenix

Western International University

Grant Recipients by Institution



Grant Recipients by Institution



1.4 Early Graduation Scholarship Grant Program (Forgivable Loan)

A new legislative mandate titled the Early Graduation Scholarship Grant (EGSG) program was assigned to the ACPE in the 2007 legislative session. This 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.

The EGSG program is available to students who enroll in colleges, universities, community colleges, or vocational postsecondary institutions. Students attending 83 Arizona institutions that have met the EGSG criteria will be eligible for these grants.

The Arizona Commission for Postsecondary Education (ACPE) is working in

purchasing a fully functional loan repayment IT system or contracting with a loan repayment entity.

1.6 Arizona Oversight of State Student Loan Guarantor

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.

As the Arizona State Guarantor for student loans, USA Funds guaranteed \$1,338.5 million in new educational loans to more than 137,397

free of federal and Arizona State income taxes. 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.

The AFCSP was established as a multiple provider program, ensuring a variety of investment choices in order to appeal to the diverse investment needs of families saving for college. An 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 selection and oversight of financial providers for the AFCSP. The Oversight Committee makes recommendations to the Arizona Commission for Postsecondary Education, the AFCSP Trustee, for final approval of plan oversight decisions. A current roster of the AFCSP Oversight Committee follows.

**Oversight Committee
Arizona Family College Savings Program**

Roger Curley, Chair
Attorney with State Bar Cert. in Estates & Trusts
Attorney at Law, Curley & Allison LLP

Hope Leibsohn
Public Member
Attorney at Law, Lewis & Roca, LLP

James Van Houten
Individual with investment, asset management &
financial related expertise
Owner, Stonegate Financial Group, LLC

Laura Palmer Noone
State Board for Private Postsecondary
Education
President Emeritus, University of Phoenix

In 2005, the AFCSP Oversight Committee initiated a rigorous provider review process which culminated in the recommendation to the ACPE of 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 two non-renewed providers, Pacific Life and Securities Management & Research, entered into an agreement with the ACPE to continue servicing the existing AFCSP accounts for a one year period to allow for a smooth transition of accounts to another AFCSP provider or 529 plan.

The transition of accounts from the non-renewed providers was completed. The Securities Management & Research accounts were converted to Waddell & Reed Financial Services on September 28, 2007. The Pacific Life accounts were converted to Fidelity Investments on October 31, 2007. As a result, the AFCSP currently offers an

make informed decisions based on their investment goals. Several steps have been taken this year to meet these goals.

First, in November 2006, Fidelity Investments announced several enhancements to the Fidelity Arizona College Savings Plan which included greater investment choice. College savings investors participating in the AFCSP through Fidelity Investments now have access to the new index Age-Based, Static and Individual Fund Portfolios, as well as an array of popular Actively Managed Age-Based and Static Portfolios.

In addition, Waddell & Reed launched a new class of shares giving financial advisors access to a range of choices more adaptable to individual needs as they work with their clients. The new E Share class with 22 mutual funds within the Ivy Funds family became available in the second quarter of 2007, further complementing the current age-based portfolios within the Waddell & Reed plan.

Second, fees charged to investors have been reduced and in some cases eliminated. In order to position the AFCSP as one of the more cost-effective advisor-sold 529 plans in the country, Waddell & Reed implement TJETBT(p)-3(l)eme)-2(n)-31CBT1 0 0 1&1Crren t1(o)6 3se

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

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

In FY 08 and FY 09 the ACCG will be undergoing formatting changes which will allow readers to more easily access information and postsecondary institutions the opportunity to economically advertise their programs. Additionally, the ACCG will provide information on the various Arizona grants and the private institutions that qualify for the PEG and PFAP grant programs. Further, the Commission plans to give the important Arizona College and Career Guide web site a face lift 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 2007, the ACPE website was continually updated and improved to provide Arizona families with ever-changing information on student financial assistance, postsecondary

This event successfully achieves its purpose. The 2007 College Goal Sunday survey reported that for 35% of the students attending neither parent attended any college; an additional 21% 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 2007 was 56%. This is a 4% increase over last year.

Because a high percentage of low-income and minority families are first-generation college-goers, the ACPE was pleased to find that 52% of the participants reported having an annual income of \$40,000 or less. Furthermore, the 2007 event survey also indicated a 35% Hispanic, 11% Native American, and 6% African-American participation rate.

Another plus in 2007, was that 93% of the CGS sites offered FAFSA on the web. Computer labs were opened to help families complete their FAFSA on-line. In 2008, 96% 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 2006 and 2007 events from Waddell & Reed, USA Funds, and Lumina Foundation. Additionally, College Savings Bank was a sponsor of television advertisements for the 2007 event. The 2008 event is being sponsored by USA Funds, Helios, and the Lumina Foundation.

A new strategy being employed for College Goal Sunday in 2008 is the addition of "College Goal Sunday, Saturday Edition." As mentioned earlier, two of our sites, Estrella Mountain Community College and South Mountain Community College, will host the event on Saturday, February 9th from 2-4 p.m. In this way, the ACPE hopes to serve families in the Greater Phoenix Metropolitan area that cannot attend the event on Sunday.

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In 2007, a 12-

Conversely, the Commission and USA funds are currently revising *Measuring Your Child's Progress* to continue to appeal to the ever-changing teen community and to update the material within to include more web-sites on financial aid and college-going requirements.

In keeping with the Commission's goal to help students and families plan, enroll, and succeed in postsecondary education, the Commission staff has undertaken a new project for a *College Access* publication. Staff modified the *Rapid Guide to Financial Aid* publication to include Arizona specific information. This *Guide* includes step-by-step

In addition to the keynote on the first day of the conference, there were four breakout sessions: 1) and 2) Composing a Higher Education Picture Including all Arizona Students: A Focus on Award Winning College Access, Transition, and Success Programs; 3) Focus on Foster Youth and Young Adults and Their Postsecondary Education Success; and 4) A Snapshot of Minority Students and First Generation College Students presented by the Arizona Minority Education Policy Analysis Center (AMEPAC). Later in the afternoon of the first day of the conference Senator Tom O'Halleran and Representative Jennifer Burns presented a preview of the 2008 Postsecondary Education Legislative Agenda. The first day ended with a Student Financial Aid picture presented by Brian Prescott of the Western Interstate Commission for Higher Education (WICHE) and Representative Andrew Tobin.

The second day of the conference started with a breakfast, emceed by Frank Camacho of KTVK Channel 3, where Representatives David Schapira and Pete Rios presented the Pathways to Postsecondary Education awards. These awards recognize efforts by business, community, postsecondary education, and K-12 schools to support students through the K-12 system and into postsecondary education. After the awards were presented, we heard a presentation from Barry Broome, President and CEO of the Greater Phoenix Economic Council; Donald Maxwell, Director of the City of Phoenix Community & Economic Development; and Julia Rosen, Assistant VP for Economic Affairs at ASU on their perspectives of the Postsecondary Education System's contribution to Arizona's economic future. Then Frank Camacho interviewed four college students about their real life college experiences. The conference concluded with lunch and "Shift Happens – A look into the world of You-Tube."

The conference was a great success with approximately 100 attendees.

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 collaborative action groups or task forces, informed by research, to plan strategies to seize opportunities or solve problems identified by the Commission.

3.1 Arizona Minority Education Policy Analysis Center (AMEPAC)

The mission of the Arizona Minority Education Policy Analysis Center (AMEPAC) is to stimulate through studies, statewide discussion, and debate constructive improvement of Arizona minority students' early awareness, access and achievement throughout all sectors of education. AMEPAC is funded through donations from postsecondary institutions and non-profit organizations committed to its mission. Since 1996, AMEPAC has addressed numerous issues 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

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.

AMEPAC members are currently undertaking a major strategic planning effort to enhance the impact of the Center and its 16 volunteer members over the next several years. 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? AMEPAC is working to find partners to help with this proposed research and policy analysis.

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 was not convened this past academic year, as Commission staff was focused upon developing a new PEG grant program. However, at the November meeting Commissioners requested that the PATTF be reconvened in early 2008 in order to continue to refine its mission and goals and to identify a program of work for the next few years.

The 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 aimed at creating an open dialogue of transfer issues and information among the public and private postsecondary institutions in Arizona.

Proceedings from the conference were presented at the April 2006 Developing Arizona's Human Capital: The Challenge Facing Postsecondary Education Conference. At that time five articulation agreements could be identified as outcomes, and several have been signed since.

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.

Conclusion

Four strategies have been employed during the three years of the ACPE's five-year plan to meet the goals of (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.

completing the FAFSA, over 110,000 publications were printed and distributed to families, and more than 94,000 visits were paid to the Commission website.

Third, the forum provided by the Arizona Commission for Postsecondary Education promotes dialogue and identification of common issues among all sectors of higher education. In 2006-2007 the College Goal Sunday Task Force the Postsecondary Education Grant stakeholder groups, and the Developing Arizona's Human Capital Conference involved more than 300 individual stakeholders in