ARIZONA STATE SENATE
RESEARCH STAFF

DAWN WALLACE DSW
LEGISLATIVE RESEARCH ANALYST
HIGHER EDUCATION COMMITTEE
Telephone: (602) 926-3171
Facsimile: (602) 926-3833

TO: JOINT LEGISLATIVE AUDIT COMMITTEE
Senator Robert Blendu, Cochair
Representative John Nelson, Cochair

DATE: January 7, 2008

SUBJECT: Sunset Review of the Arizona Commission for Postsecondary Education

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Attached is the final report of the sunset review of the Arizona Commission for Postsecondary Education, which was conducted by the Senate Higher Education and House of Representatives Higher Education Committee of Reference.

Pursuant to Title 41, Chapter 27, Arizona Revised Statutes, the Committee of Reference, after conducting a sunset review on December 11, 2007, recommends that the Arizona Commission for Postsecondary Education be continued for ten years.

This report has been distributed to the following individuals and agencies:

Governor of the State of Arizona
The Honorable Janet Napolitano

President of the Senate
Senator Timothy S. Bee

Speaker of the House of Representatives
Representative James P. Weiers

Senate Members
Senator Tom O'Halleran, Cochair
Senator Paula Aboud
Senator Linda Gray
Senator Charlene Pesquiera
Senator Jay Tibshraeny

House Members
Representative Nancy McLain, Cochair
Representative Ed Ableser
Representative Nancy Barto
Representative Jennifer Burns
Representative Chad Campbell

Arizona Commission for Postsecondary Education
Arizona State Library, Archives & Public Records

Senate Republican Staff
Senate Democratic Staff
Senate Research Staff
Senate Resource Center

House Majority Staff
House Democratic Staff
House Majority Research Staff
Chief Clerk

DW/jas
Attachment

Senate Higher Education and House Higher Education Committee of Reference Report

ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION

Background

Pursuant to § 41-2953, Arizona Revised Statutes, the Joint Legislative Audit Committee (JLAC) assigned the sunset review of the Arizona Commission for Postsecondary Education (ACPE) to the Arizona Auditor General.

The ACPE reviews and recommends higher education policies, administers financial aid programs, including the Leveraging Educational Assistance Partnership (LEAP), the Private Postsecondary Education Student Financial Assistance Program (PFAP) and the Postsecondary Education Grant (PEG), and also provides a forum for public and private postsecondary education institutions and their stakeholders for discussion of issues of mutual interest.

The 16-member ACPE consists of 14 gubernatorial appointments that serve four-year terms, in addition to the executive directors of the Arizona Board of Regents and the State Board for Private Postsecondary Education, who are not eligible to vote on any review of a postsecondary institution.

Additionally, the ACPE oversees the Arizona Family College Savings Program (AFCSP), which allows individuals to save money for a child's college education in financial plans compatible with Internal Revenue Code § 529. Interest derived from monies deposited in these plans in addition to withdrawals for qualified higher education expenses are tax-exempt. The AFCSP is available to both Arizona residents and nonresidents. Beginning in FYs 2007-2008 through 2011-2012, any contribution to a qualified 529 plan in any state is eligible for an Arizona income tax deduction. The maximum amount a taxpayer may deduct is limited to $1,500 for married persons filing jointly, or $750 for single or head of household.

The AFCSP is overseen by a ten-member oversight committee, separate from the ACPE, consisting of: 1) the State Treasurer or the State Treasurer's designee; 2) the chairperson of the State Board for Private Postsecondary Education or the chairperson's designee; 3) three members of the general public, each of whom possesses knowledge, skill and experience in accounting, risk management or investment management or as an actuary; 4) a certified financial planner; 5) a certified public accountant; 6) an attorney with a State Bar of Arizona certificate in estates and trusts; 7) an individual with investment, asset management and financial related expertise; and 8) an individual employed by a community college or university with investment, asset management and financial related expertise.

Budget

According to the Joint Legislative Budget Committee's (JLBC) FY 2007-2008 Appropriations Report, the ACPE's FY 2007-2008 appropriated staff consists of 10.0 full-time equivalent positions, appropriated state General Fund budget level of $7,420,800 and $2,941,100 in other appropriated funds, as detailed as follows:

• Administration	$ 21,200
• Arizona College and Career Guide	$ 100,000
• Arizona Minority Educational Policy Analysis Center	$ 100,000
• Case Managers	$ 100,000
• Family College Savings Program	$ 150,000
• Leveraging Educational Assistance Partnership	$3,364,500
• Postsecondary Education Grant Program	$5,300,000
• Private Postsecondary Education Student Financial Assistance Program	$ 800,000
• Twelve Plus Partnership	$ 130,500

Committee Sunset Review Procedures

The Committee of Reference held one public meeting on Tuesday, December 11, 2007, to review the audit report prepared by the Auditor General and the additional four sunset factors prepared by the Arizona Commission for Postsecondary Education, as required by A.R.S. § 41-2954, subsection E, and to receive public testimony. The Committee of Reference also received testimony from the following:

- Dr. April Osborn, Executive Director, Arizona Commission for Postsecondary Education

Committee of Reference Recommendations

The Committee of Reference recommends that the ACPE be continued for ten years.

Attachments

1. Committee Agenda Notice
2. Committee of Reference Meeting Minutes
3. Auditor General Presentation Handouts
4. Chairman's Letter requesting additional sunset factors pursuant to A.R.S. § 41-2954
5. ACPE Response to additional sunset factors

COMMITTEE OF REFERENCE AGENDA NOTICE

Interim agendas can be obtained via the Internet at http://www.azleg.state.az.us/InterimCommittees.asp

ARIZONA STATE LEGISLATURE

INTERIM MEETING NOTICE
OPEN TO THE PUBLIC

SENATE HIGHER EDUCATION AND HOUSE HIGHER EDUCATION COMMITTEE OF REFERENCE

Date: **Tuesday, December 11, 2007**

Time: **1:30 P.M.**

Place: **SHR 1**

AGENDA

1. Call to Order
2. Introduction of Members
3. Arizona Commission for Postsecondary Education Sunset Audit
   - Presentation by the Auditor General
   - Agency Response
   - Public Testimony
   - Discussion and Recommendations by the Committee of Reference
4. Western Interstate Commission for Higher Education (WICHE)
   - Presentation by the Arizona Board of Regents
   - Public Testimony
   - Discussion and Recommendations by the Committee of Reference
5. Adjourn

Members:

Senator Tom O'Halleran, Co-Chair
Senator Paula Aboud
Senator Linda Gray
Senator Charlene Pesquiera
Senator Jay Tibshraeny

Representative Nancy McLain, Co-Chair
Representative Ed Ableser
Representative Nancy Barto
Representative Jennifer Burns
Representative Chad Campbell

11/27/07
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Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting the Senate Secretary's Office: (602)926-4231 (voice). Requests should be made as early as possible to allow time to arrange the accommodation.

COMMITTEE OF REFERENCE MEETING MINUTES

ARIZONA STATE LEGISLATURE

SENATE HIGHER EDUCATION AND HOUSE HIGHER EDUCATION COMMITTEE OF REFERENCE

Minutes of the Meeting
Tuesday, December 11, 2007
1:30 p.m., Senate Hearing Room 1

Members Present:
Senator Tom O'Halleran, CoChair
Senator Paula Aboud
Senator Linda Gray
Senator Charlene Pesquiera

Representative Nancy McLain, CoChair
Representative Ed Ableser
Representative Nancy Barto
Representative Jennifer Burns
Representative Chad Campbell

Members Absent:
Senator Jay Tibshraeny

Staff:
Dawn Wallace, Senate Higher Education Research Analyst

Cochairman O'Halleran called the meeting to order at 1:55 p.m. and attendance was noted.

Arizona Commission for Postsecondary Education Sunset Audit

Shan Hays, Performance Audit Manager, Auditor General's Office, gave a presentation on the findings of the Auditor General's Office in its performance audit and sunset review of the Postsecondary Education Commission and submitted the handout (Attachment A) entitled *Postsecondary Education Commission.* Mr. Hays answered questions posed by the Committee.

April Osborn, Executive Director, Arizona Commission for Postsecondary Education, gave the Commission's response to the Auditor Generals Sunset Audit and answered questions posed by the Committee.

John Mangum, Arizona Private Postsecondary Schools Association, testified in support of the continuation of the Commission.

Don Isaacson, Independent Colleges and Universities of Arizona, testified in support of the continuation of the Commission.

> **Senator Linda Gray moved that the Senate Higher Education and House Higher Education Committee of Reference recommend that the Arizona Commission for Postsecondary Education be continued for ten years until June 30, 2018. The motion passed by voice vote.**

Western Interstate Commission for Higher Education (WICHE)

Dawn Wallace, Senate Higher Education Research Analyst, gave an overview of the WICHE program and answered questions posed by the Committee.

Joel Sideman, Executive Director, Arizona Board of Regents, gave informational testimony pertaining to the WICHE program and answered questions posed by the Committee.

Louise Lynch, Arizona Board of Regents, answered questions posed by the Committee.

Don Isaacson, Independent Colleges and Universities of Arizona, testified in support of the WICHE program.

> **Senator Linda Gray moved that the Senate Higher Education and House Higher Education Committee of Reference recommend that the WICHE program be continued for ten years until June 30, 2018. The motion passed by voice vote.**

There being no further business, the meeting was adjourned at 3:02 p.m.

Respectfully submitted,

Jeff Turner
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)

AUDITOR GENERAL PRESENTATION HANDOUT

Postsecondary Education Commission

Performance Audit and Sunset Review

October 2007

Shan Hays
December 11, 2007

Overview

- Background
- 2 findings on Family College Savings Program
  - Features
  - Oversight

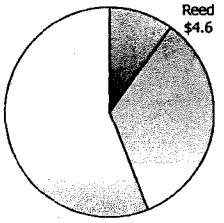
Commission duties

- Outreach and education
- Financial assistance programs
- 529 program (Family College Savings)

Assets in AZ resident accounts

6/30/07

Total:
$45.9 million



Other 529 program investors

- Out-of-state residents in AZ programs
  - 35,350 investors
  - $330 million in assets
  - 80% with Waddell and Reed
- Terminated providers
  - 1,130 Arizona residents; $8.7 million
  - Working on moving these accounts

Past criticisms resolved

- Poor ratings for Arizona providers (2004, 2005, 2006)
- Commission acted
  - Providers with high fees terminated
  - Another provider lowered fees
- Arizona no longer poorly rated

Comparison of 529 program to high-quality characteristics

- ☑ Low fees and expenses
- ☑ State tax deduction starting 1/1/08
- ☑ Range of choice
- ☑ High limit on contributions
- ☑ Low minimum contributions
- ❑ Customer service monitoring

Recommendation

- ❖Identify relevant customer service and satisfaction information; and
- ❖Obtain and monitor the information

Finding 2

Provider monitoring has improved, but should be further enhanced

Asset-based fee provision

- One provider pays % of assets as a fee
- Commission plans to add to other contracts
  - Treat providers equally
  - Can provide money to manage program
- Rules needed to accept asset-based fee monies
  - Use should be limited to 529 program

Commission for Postsecondary Education

Performance Audit

October 2007

Shan Hays
December 11, 2007

CHAIRMAN'S LETTER ON ADDITIONAL SUNSET FACTORS

Senator Tom O'Halleran
DISTRICT 1

STATE SENATOR
FORTY-EIGHTH LEGISLATURE

CAPITOL COMPLEX, SENATE BUILDING
PHOENIX, ARIZONA 85007-2890
PHONE: (602) 926- 4079
FAX: (602) 417-3101
EMAIL: tohaller@azleg.gov

Arizona State Senate

COMMITTEES:

Higher Education, Chairman
Education K-12
Health, Vice-Chairman

June 20, 2007

Capitol Complex
1700 West Washington
Phoenix, AZ 85007

Mr. Michael R. Rooney, Chairman
Arizona Commission for Postsecondary Education
2020 N. Central Avenue, Suite 550
Phoenix, AZ 85004

Dear Mr. Rooney:

The sunset review process prescribed in Title 41, Chapter 27, Arizona Revised Statutes, provides a system for the Legislature to evaluate the need to continue the existence of state agencies. During the sunset review process, an agency is reviewed by a legislative committee of reference. On completion of the sunset review, the committee of reference recommends to continue, revise, consolidate or terminate the agency.

The Joint Legislative Audit Committee (JLAC) has assigned the sunset review of the Commission for Postsecondary Education to the committee of reference comprised of members of the Senate Higher Education Committee and the House of Representatives Higher Education Committee. JLAC has directed the Auditor General to conduct a performance audit of the Commission for Postsecondary Education.

Pursuant to A.R.S. § 41-2954, the committee of reference is required to consider certain sunset factors in deciding whether to recommend continuance, modification or termination of an agency. In addition to the 12 sunset factors that are addressed in the Auditor General performance audit, please provide your agency's response to the required factors as listed below:

1. Identify the problem or the needs that the agency is intended to address.

2. State, to the extent practicable, in quantitative and qualitative terms, the objectives of the agency and its anticipated accomplishments.

3. Identify any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.

4. Assess the consequences of eliminating the agency or of consolidating it with another agency.

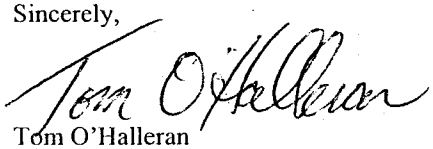
In addition to responding to the four factors listed above, please provide the committee of reference with copies of your most recent annual report. Your response should be received by September

1, 2007, so we may proceed with the sunset review and schedule the required public hearing. Please submit the requested information to:

Dawn Nazary
Arizona State Senate
1700 West Washington
Phoenix, AZ 85007

Thank you for your time and cooperation. If you have any questions, please feel free to contact me at 602-926-5584 or Dawn Nazary at 602-926-3171.

Sincerely,



Tom O'Halleran
State Senator
Chairman, Higher Education Committee of Reference

TO/sc

cc: Representative Nancy McClain
Dr. April Osborn, Executive Director, Commission for Postsecondary Education
Mr. Brian Lockery, House of Representatives Majority Research Analyst
Mr. Javan Mesnard, Senate Majority Policy Advisor
Ms. Barbara Guenther, Senate Minority Policy Advisor
Ms. Karla Phillips, House of Representatives Majority Policy Advisor
Mr. Alan Eder, House of Representatives Minority Policy Advisor

ACPE RESPONSE (ADDITIONAL SUNSET FACTORS)

ARIZONA STATE SENATE
RESEARCH STAFF

DAWN WALLACE
LEGISLATIVE RESEARCH ANALYST
HIGHER EDUCATION COMMITTEE
Telephone: (602) 926-3171
Facsimile: (602) 926-3833

TO: MEMBERS OF THE SENATE HIGHER EDUCATION & HOUSE HIGHER EDUCATION COMMITTEE OF REFERENCE

DATE: November 26, 2007

SUBJECT: Arizona Commission for Postsecondary Education (ACPE) Response to Statutory Sunset Review Questions

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Attached is the ACPE response to the four statutory questions required as part of the Committee of Reference review. The Executive Director of the ACPE will be in attendance at the December 3, 2007, Committee of Reference meeting to answer any questions related to the sunset audit conducted by the Auditor General and the attached responses.

Please feel free to contact me if you need any further assistance.

DW/jas
Attachment

cc: Ingrid Garvey

Arizona Commission for Postsecondary Education

2020 North Central, Suite 550
Phoenix, Arizona 85004-4503
Tel: (602) 258-2435 Fax: (602) 258-2483
Website: www.azhighered.gov

September 21, 2007

Senator Tom O'Halleran
Capital Complex, Senate Building
Phoenix, Arizona 85007-2890

Dear Senator O'Halleran,

Thank you for leading the sunset review process of the Arizona Commission for Postsecondary Education. I have prepared a response to the additional Sunset Factors for the Higher Education Committee of Reference and it is enclosed with this letter. Likewise, the Arizona Commission for Postsecondary Education 2006 Annual Report is enclosed.

The performance audit team is conducting an extremely thorough and detailed performance audit and sunset review of the Commission. Unfortunately, the performance audit for the ACPE is not yet in its final form. A revised preliminary report draft of the ACPE performance report was delivered to my office by the Auditor General's staff this week. This preliminary report draft will be taken before the Arizona Family College Savings Program Oversight Committee on September 27, 2007 for their review and response. The Auditor General's office informed the ACPE staff that a final report will be forthcoming based upon that meeting and the feedback of the Oversight Committee.

Thank you for the time and attention that you and the members of the Higher Education Committee of Reference commit to this important agency review process. I look forward to both completing and learning from the performance audit process.

Sincerely,

Dr. April L. Osborn, Executive Director

Cc. Dawn Nazary,

Response to Additional Sunset Factors
Arizona Commission for Postsecondary Education

Prepared for the Higher Education Committee of Reference
of the Joint Legislative Audit Committee

by Dr. April L. Osborn, Executive Director
September 2007

Additional Sunset Factor 1:

Identify the problem or the needs that the Agency is intended to address

The problems and needs to be addressed by the Arizona Commission for Postsecondary Education (ACPE) have been identified by the legislature and are outlined in ARS 15-1851 through ARS 15-1879. The core ACPE responsibilities are in the area of student financial assistance. The Commission has been administering Arizona's student financial assistance programs since 1976, when the Commission was initially awarded eligibility status to receive student financial aid federal funds in order to administer the Arizona State Student Incentive Grant (SSIG) Program.

The Arizona Commission was originally established within the Arizona Board of Regents (ABOR). However, in legislative action taken in 1994 the Commission was permanently separated from ABOR. These actions were taken to allow the Commission to meet federal requirements for the administration of federal programs. Likewise, it allowed the Commission to serve as a neutral, non-regulatory agency to serve all constituencies within the higher education system including community colleges, public universities, private colleges and universities, and vocational programs. The 1994 enabling legislation named a number of responsibilities to be undertaken by the Commission and many of these ACPE responsibilities have remained constant, including:

- administration of the Leveraging Educational Assistance Partnership grant (formerly SSIG),
- administration of the Paul Douglas Teacher Scholarship Program repayments and the ATIP repayment programs,
- provision of a forum for private and public postsecondary education institutions to discuss issues of mutual interest,
- provision of reports and the promotion of collaborative studies on issues of mutual interest for postsecondary education, and
- compilation and dissemination of information to the public regarding postsecondary education opportunities.

Over time the enabling statute for the ACPE has been modified in a number of ways. The most notable changes required the ACPE to take on additional responsibilities of:

- administration of the Private Postsecondary Education Student Financial Assistance Program (PFAP) in 1996,
- administration of the Arizona Family College Savings Program (AFCSP) in 1997, including the initiation of the AFCSP Trust in 2005,
- administration of the Postsecondary Education Grant Program in the 2006 legislative session,
- administration of the Early Graduation Scholarship Grant Program in the 2007 session, and
- oversight of the Foster Youth Transition to Postsecondary Education Case Manager Program, also in the 2007 session.

In summary, the core areas of responsibility, as outlined by statute, for the Commission have remained constant since 1994. Over the past decade, the legislature has required the Commission to assume additional administrative duties with the addition of PFAP, the Arizona Family College Savings Program, the Postsecondary Education Grant Program, and the Early Graduation Scholarship Grant Program.

Additional Sunset Factor 2:

State, to the extent practicable, in quantitative and qualitative terms, the objectives of the agency and its anticipated accomplishments.

Objective 1: Effective, efficient administration of student financial assistance programs under the ACPE.

Leveraging Educational Assistance Partnership (LEAP)

$2.8M was disbursed to more than 4,000 low income students attending 47 postsecondary institutions including community colleges, public universities, and private colleges and universities in FY 2007 through the LEAP program.

Private Postsecondary Student Financial Assistance Program (PFAP)

$150,000 was disbursed to 101 students with financial need who graduated from Arizona community colleges and attended private colleges and universities to attain a baccalaureate degree in 2006.

Postsecondary Education Grant (PEG) Program

PEG program funds were released to the ACPE in November. Staff was hired, the program developed, technology was in place, and in the last three months of FY2007 $1.8M dollars were disbursed to 1,077 students seeking a baccalaureate degree from Arizona private colleges or universities.

Repayment Programs

Seventy-six students were in repayment for Paul Douglas and PFAP forgivable loans in FY 2007. Likewise, forty-five students were in process for repayment or have been turned over to the Attorney General's office for collection in that year

Early Graduation Scholarship Grant Program

This new program is designed to provide an incentive to motivate high school students to graduate early and transition into a postsecondary educational experience. The EGSG Program is currently under development.

Arizona Family College Savings Program

More than 45,000 accounts were opened and more than $422 M was saved by families to pay for college expenses in the Arizona Family College Savings Program since 1999. The number of Arizona accounts increased 21.5% in FY 2007.

Objective 2: To provide information to parents and students to assist in college preparation, planning, transition, and success

Arizona College and Career Guide

15,000 copies of this publication which provids a comprehensive listing of all Arizona postsecondary institutions, programs offered, and tuition and fees were distributed to high school counselors, high school seniors, vocational rehab program administrators, postsecondary education professionals, and other parties of interest in FY 2007.

13,000 visits were counted on the Arizona College and Career web site that same year.

Countdown to College

80,000 copies of this 12-page insert detailing financial aid processes and opportunities and college-going information for families and students were distributed across the state on Sunday, February 3, 2006 in the *Arizona Republic*. This is a partnership effort with USA Funds.

Web portal for college-going and financial assistance

41,880 visits were counted for the ACPE website which includes extensive information regarding student financial aid and instructions for completing the processes and meeting the deadlines for securing student financial aid.

College Savings Planner

2,000 copies of a 16 page college savings planning document, which describes and compares various savings vehicles families can use to save for college, were distributed to families and 13,140 downloads of the planner from the website took place in FY 2007.

Objective 3: Serve as a forum to problem solve and seek opportunities across all sectors of public and private postsecondary education and through policy analysis and research to identify issues of common interest to the postsecondary education leaders.

College Goal Sunday Program (statewide)

More than 2,800 parents and students attended the February 2007 event where more than 310 college financial aid professionals assisted them in completing the Free Application for Federal Student Aid (FAFSA).

18,974 visits were counted on the College Goal Sunday website where information and line-by-line instructions are available for the public's use in completing the FAFSA on-line.

Arizona Minority Education Policy Analysis Center (AMEPAC)

Published studies include
The Road to Higher Education, 2006;
Investing in Arizona's Future, 2005; and
Minority Student Report 2007: A Snapshot of Arizona's Educational Achievement (being printed now)

Developing Arizona's Human Capital Conference & Pathways to Higher Education Awards

The 8th conference takes place on November 8 & 9, 2007 with a goal of providing a forum for discussion and planning for the improvement of the Arizona postsecondary education system.

20 applications describing Arizona college access, transition, and success programs were received and 5 award winners were recognized at the 2006 conference as a means to publicize Arizona's best practices.

Additional Sunset Factor 3:

Identify any other agencies having similar, conflicting or duplicate objectives, and an explanation of the manner in which the agency avoids duplication or conflict with other such agencies.

The state entity closest in mission to the Arizona Commission for Postsecondary Education is the Arizona Board of Regents (ABOR). ABOR also serves higher education, but unlike the ACPE, ABOR is a regulatory entity - and that oversight is limited to the public universities.

Along with their oversight and regulatory responsibilities, ABOR administers some student financial aid programs for the universities. In contrast, the ACPE administers four state grants and the Arizona Family College Savings Program, and these programs serve students attending Arizona community colleges, public universities, private colleges and universities, and vocational programs.

There is not duplication of effort nor any conflict between the Arizona Commission for Postsecondary Education and the Arizona Board of Regents. In fact, there are a number of collaborative efforts between the two entities, all of which are to benefit students and the state. In addition, the Executive Director for ABOR serves as an ACPE Commissioner.

Additional Sunset Factor 4:

Assess the consequences of eliminating the agency or consolidating it with another agency.

The mission of the ACPE is to expand access and increase success in postsecondary education for Arizonans. All programs and services provided through the ACPE are designed to meet this goal; thereby producing more educated citizens for Arizona. The termination of the ACPE would result in a loss to the welfare of Arizona citizens and the state in two areas.

Student Financial Assistance Programs:

Without the ACPE there is no neutral state entity to administer state and federal student financial aid programs to students attending all sectors of the higher education community including community colleges, public universities, independent colleges, career colleges and vocational schools. Furthermore, no statewide governing body exists in Arizona for either the community colleges or the 193 private postsecondary institutions to which the ACPE statute responsibilities could be shifted. And most importantly, the ACPE has the credibility and the neutrality to administer these important programs equitably among all institutions and all students.

Likewise, the Arizona 529 plan is designed to encourage families to establish college savings plans for higher education at any accredited postsecondary institution. The direction of this important program by a postsecondary education entity, with the assistance of an Oversight Committee of financial professionals, adds credibility to the plan as a financial assistance tool. The college savings plan is a component of the state's financial assistance programs and should be housed with a higher education entity.

And finally, there is a cost savings to the state for housing student financial assistance programs, PFAP, LEAP, PEG, EGS, and the Arizona Family College Savings Program, within one entity. Many families and students are served by more than one of these programs: therefore, awareness, promotion and education for all programs can be consolidated. Likewise, many of the 83 higher education institutions whose students receive financial aid from the ACPE participate in multiple ACPE programs. This provides for combined institutional audits, mailings, and reduced travel expenses. Because the ACPE administers these programs from a central location, the cost to the State is reduced.

Forum for Discussion and Problem Solving that Includes All Sectors of Education and Collaborative Efforts that Serve Students Across All Sectors of Higher Education

There is no other venue in the state where senior level representatives from all sectors of postsecondary education come together to look at "system" issues and opportunities. Evidence of the value of this forum is seen in the ACPE collaborative initiatives and task forces.

The most significant example of this collaboration is the College Goal Sunday program. This annual event is held at 30 locations including high schools, community colleges, public and private universities, private colleges, and "one stop shops." Likewise more than 310 financial aid professionals from all sectors of postsecondary education volunteer to help families at the statewide event.

Other statewide and system-wide ACPE events that lead to policy discussions and solution of problems include the Developing Arizona's Human Capital Conference, Pathways to Education Awards, and the Next Steps Articulation Conference. Other Commission initiatives designed to cross postsecondary education sectors include the Arizona Minority Education Policy Analysis Center, the Postsecondary Articulation/Transfer Task Force, and the College Goal Sunday Task Force. Each group has a mission and goals that serve all students in all sectors of higher education.

In summary, if the Arizona Commission for Postsecondary Education ceased to exist it would (1) negatively affect the state student financial aid programs and (2) inhibit collaborative actions that benefit students regarding issues that cross sectors of postsecondary education.

Regarding the student financial assistance programs, the State could disperse the five state financial aid programs administered by the ACPE to various entities, e.g. Arizona Board of Regents, individual public universities, the ten community college districts, or the Treasurers Office. However, the economies of scale realized by centralizing five student financial assistance programs would be lost. For example, the ACPE is working to make a single application suffice for all state grants programs. Likewise, students can go to a single website for information regarding all programs. In addition, a dispersal of programs would present a challenge for the State as it must name a single entity to accept federal program dollars.

Finally, if the Arizona Commission for Postsecondary Education did not exist, a forum where all sectors of postsecondary education gather to solve problems in a student centered manner would no longer exist. Therefore, the collaborations, events, and initiatives undertaken by the Arizona Commission for Postsecondary Education would cease to exist, as well.

ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION

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

ANNUAL REPORT

FISCAL YEAR 2005-2006

The Arizona Commission for Postsecondary Education (ACPE)
2005 - 2006 Annual Report

Expanding Access and Increasing Success in Postsecondary Education for Arizonans

Submitted December 28, 2006
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 seven 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 second year review of goals, performance, and outcomes as outlined in the plan.

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 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 on the next page.

The Arizona Commission for Postsecondary Education staff has identified efficient and effective administration of the financial assistance programs under their management as the primary strategy to achieve Goal 1. The second and third goals are supported through policy analysis and research, as well as by collaborative action led by ACPE task forces and participation in college access initiatives led by foundations, government, or non-profit entities with similar missions.

The strategies of efficient and effective administration and leveraging resources through collaboration and partnerships are born of necessity, as the agency received less than $20,000 of state general funds for agency operations in 2005-2006. Program administration fees, donations, and grants fund the operational budget of the agency.

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

Commissioners 2005 - 2006

Arizona Commission for Postsecondary Education

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

Dr. Raul Bejarano
Superintendent
Sunnyside Unified School District

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

Charles Blagg
Director, Truck Driving School
Glendale Community College

Dr. Terry Calaway
President
Central Arizona College

Teri Candelaria
Executive Director
Arizona Board for Private Postsecondary Education

Dr. David Curd
President
College of Humanities & Sciences

Vacant Position (1)
(private postsecondary institution with regional accreditation)

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

Vernon E. Jacobs
Superintendent (Retired)
Glendale Union H.S. District

KC Miller
Founder & Director
Southwest Institute of Healing Arts

Michael A. Smith
Executive Director
Toni & Guy Academy

Joel Sideman
Executive Director
Arizona Board of Regents

Dr. Anna Solley
President
Phoenix College

Steven Corey
Chief Operating Officer/CFO
Prescott College

Vacant Position (1)
(private postsecondary institution offering vocational ed programs with national accreditation)

Commission Staff

Dr. April L. Osborn
Executive Director

Carol Williams
Program and Office Administrator

Judi Sloan
Communications Specialist

Rosario Segura
AZ 529 College Savings Plan Administrator

Marjorie DeRubeis
Student Financial Aid Director

Mila Zaporteza
Business & Student Financial Assistance Manager

Jennifer Hannon
Assistant Financial Aid Director

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) the addition in the 2006 legislative session of planning and administering the new Postsecondary Education Grant (PEG) Program (4) management of grant repayment programs, (5) oversight of the state student loan guarantor, and (6) management of the Arizona Family College Savings Program. In addition, the reader will find a description of a statewide collaborative effort led by the ACPE to seek additional sources of student financial assistance through the work of the Student Financial Aid Task Force in the Goal 3 section of the report.

1.1 Leveraging Educational Assistance Partnership (LEAP)

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.

The U.S. Department of Education assigns allotments based on a state's 1976 postsecondary education enrollment figures; each state, in turn, must match this allotment through appropriated state funds. Eligible postsecondary institutions then provide funds to match those appropriated by the state. Accredited public and private institutions are encouraged to apply to be reviewed by the ACPE for eligibility to receive these funds.

Federal guidelines require that the total LEAP award to a student may not be more than $2,500 or less than $100 for each program year. If the student withdraws, is expelled, or is reduced below half time status, the institution is to collect the award and return it to the Commission.

A table follows on the next page titled *Seven Year Summary of LEAP Awards*. It illustrates the changes in the state LEAP program over time.

Leveraging Educational Assistance Partnership (LEAP)
Seven Year Summary of LEAP Awards
FY1999-2006
LEAP Awards Distributed

Year	Total Funds Awarded	Number of Awards	Average Award Amount
1999-2000	$2,727,078	3,782	$721
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

The state of Arizona LEAP administration is decentralized; therefore, the Commission delegates certain functions to participating institutions. The ACPE establishes 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. Furthermore, on-site LEAP program compliance audits are performed every two years by ACPE staff. This cycle of compliance audits started in the fall of 2006.

In 2005 – 2006, more than 4,100 Leveraging Educational Assistance Partnership (LEAP) awards were provided to 47 postsecondary institutions totaling $2.8 million in leveraged financial aid (state, federal, and institutional) to financially needy students. Institutional distribution of LEAP awards in 2006 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).

Improvements made in the program administration this year were guided by the strategic plan and include updated software and enhanced security measures for student data transmission. Over the last two years an information technology consultant was contracted to improve and update the LEAP database to ensure accuracy of reports and ensure secure data transmission and collection. The software improvements are designed to create an efficient, automated process for generating program reports, requiring less staff time while effectively managing the program. The number and types of reports have been designed to serve both federal reporting

requirements and LEAP management needs. Additionally, a new secure web site for institutional transmission of student data to the ACPE was successfully implemented and has been well received by the postsecondary institutions in the Program.

Annual performance measures collected through anonymous surveys from institutional financial aid administrators have consistently indicated 94% or greater satisfaction with administration of this program by the ACPE. In order to collect additional data on student financial need an informal survey was carried out in 2005. This survey received a 67% return rate of the 47 institutions participating in the LEAP grant, meaning 32 responded. The Financial Aid Directors responding identified an additional 27,744 students who qualified for the LEAP funds, but funding limitations provided awards or grants for only the aforementioned 4,131 students in 2006. 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.

1.2 Private Postsecondary Education Student Financial Assistance (PFAP)

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 $1,500 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 $3,000.

The PFAP program funding was significantly reduced in 2003 from $318,000 to $170,500, resulting in fewer students receiving the grant. In response to the limited funding, a pilot program was instituted in 2004 - 2005. This pilot program limited the maximum grant to $1,000 and required that the student re-apply for a second year grant. These changes were being tested in order to make grants available to more students to meet the original intent of the PFAP program. This pilot program was deemed ineffective by the staff and the Commissioners repealed the pilot program in 2006, and staff was instructed to revert back to the original procedures as developed.

In the 2006 legislative session, the level of PFAP funding was raised, again, to $400,000. The Commission advertised the PFAP program to all of the 32 eligible private institutions and community colleges. The ACPE welcomes these new funds and has

instituted an aggressive marketing effort to promote the program with both community college students and private postsecondary students.

More than 1,200 students have benefited from the PFAP program since the program inception. Of these grantees 35% were minority students. In 2005, the percentage of students from whom repayment was sought was just under 10%, with an additional 4% of PFAP grantees yet to be documented as either completers or entered into the repayment program. The program repayment statistics are not yet available for 2006. The program completion rate is based upon the graduation status of students who have passed the three year limitation for graduation. The students from whom repayment is sought received the grant, but did not complete a bachelor's degree within the allowed three years.

Annual performance measures collected through anonymous surveys from postsecondary institution administrators of the PFAP program in 2005 - 2006 indicated 94% or greater satisfaction with administration of this program by the ACPE.

The PFAP grant and the new PEG Program are similar in many respects and a single, automated application process would benefit students in their search for financial assistance. This single and fully automated application and funding processes are goals of the ACPE staff. A request has been made for funds to develop these automated processes for the benefit of students in the PEG Program Decision Package.

1.3 Postsecondary Education Grant (PEG) Program

On September 21, 2006, HB 2873 titled "Higher Education; Budget Reconciliation" became law. Within that bill the Postsecondary Education Grant (PEG) Program was established. The Arizona Commission for Postsecondary was named the administrator of the PEG program. The PEG program allows for $4.8 M in grant monies to establish a grant (forgivable loan). PEG is awarded to students that are attending private postsecondary baccalaureate degree granting institutions in Arizona. This loan forgiveness program awards a student up to $2,000 annually for up to four years to be used for tuition, books and fees.

The ACPE anticipates 5,000-6000 applicants each year with 3,000 of these applicants being awarded grants. These awardees will be attending one of the 30 qualifying colleges or universities within the state of Arizona eligible for the 2006-2007 academic year.

It is important to note that the repayment processes and interface with students and or repayment contractors are challenging aspects of this Program. By statute, if the student does not graduate within 5 years of the date of the first award, the student must repay all funds awarded. This requires oversight responsibilities for as long as 20 years for some awardees. After the initial 5 year period, it is projected that with an estimated 80% graduation rate, 600 students annually would go into a repayment program that would extend over 10-15 years. It is estimated that 3,000 student loan records and repayment plans will need to be managed in the first five years of the repayment

operation. At the fifth year anniversary, an estimated 600 students will go into loan repayment. The number of repayment plans is estimated to grow to more than 6,000 in ten years and then level off as students fulfill their obligation.

In the summer and fall of 2006 the Commission held three stakeholder meetings with the 30 qualifying institutions, three meetings with legislative staff and legislators, two meetings with OSPB, and countless interviews with other state granting agencies, all seeking input and direction on the administration of the grant and the criteria outlined in the statute. It became apparent that the administration of the PEG Program was challenging in several ways. First, both the nature of the student criteria for eligibility and the legal requirements related to a student forgivable loan will require extensive discovery and documentation processes for administration of the PEG Program. Second, the Commission does not have in place an Information Technology (IT) system or the personnel adequate to administer a grant of this size that would rely on manual processes. And third, in order to meet these challenges additional resources would be necessary to develop a fully automated, secure, web-based system for grant administration.

At the request of the Executive Director, two of the PEG Program stakeholder institutions, DeVry University and Collins College, have generously loaned ACPE their own IT executives to help the Commission develop a technology plan. After an intense discovery process and months of consultation with the loaned executives, a three-phased technology plan for implementation of the PEG Program is recommended by the ACPE. Phase one (FY2007) would rely upon a prototype database system written in ACCESS supplemented by a secure, web-based student application and promissory note on-line; this initial disbursement of grants to students will need to be augmented with manual processes. In phase two a secured web-based system with a fully automated functionality will be purchased, modified, and refined over the next two years of the Program (FY2008 and 2009). This system will build upon the downloaded database systems of the 2007 student/institutional records. This system would be fully integrated with the other existing state student financial assistance programs – LEAP and PFAP. This integration would provide a single application form and uniform technology accesses and processes for students and higher education institutions. Phase three would be planned and implemented in the FY 2010 and FY 2011 in order to meet the requirements of a loan repayment program.

The phase one ACCESS database system for each of the 30 institutions is currently being written and overseen by the loaned IT Executives. At the same time, the Commission is working with purchasing officers from the State Procurement Office to secure the services of a firm experienced in developing on-line student applications and promissory notes that can be modified to meet the needs of the State of Arizona. If this can be accomplished by the February 1 target date, it can also interface with the ACCESS database and PEG funds can be distributed to students by late February.

The Commission is making every effort to ensure the full $4.8 million will be available and processes in place to make the PEG Program funds available to students for the FY 06-07 academic year. A challenge to meeting this goal has been that administrative funds were not available to the Commission until November of 2006. Since that time,

the Commission has hired a Student Financial Aid Director and an Assistant, developed student eligibility criteria for the institutions to certify, is working with the procurement and PIJ processes necessary to get the application and promissory notes online to allow distribution of funds. A web-based application and promissory note for the forgivable loan is deemed necessary to provide access to rural, disabled, and on-line students. At the time of this report, challenges are yet to be met to make this grant accessible to the students attending the 30 baccalaureate degree granting institutions in late February of 2007.

As soon as the timeline is confirmed, the Commission is developing a marketing plan focusing on the students at eligible institutions for this year (year one). In future years the Commission will target the high schools and seniors as they plan their postsecondary goals.

1.4 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). 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 1,227 students awarded the PFAP grant. Of those, 858 recipients have fulfilled their obligation by receiving their bachelor's degree in the three year allotted time frame. The remaining award recipients are either presently enrolled 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 90 former recipients requiring repayment. Of those, 18 are actively making payments to the Commission. Eleven grant recipients have been referred to the Office of the Attorney General and are pending payment. Forty-seven grantees have completed their obligation by either making payment directly to the Commission or through the Office of the Attorney General; 12 have been deemed uncollectible by the Attorney General's office, 1 loan has been forgiven due to medical reasons, and 1 has been abated because the former student is deceased.

Of the 245 former PDTS recipients, 9 are currently in repayment, 2 are in deferment, and 2 are making payments through 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. All 101 former ATIP recipients 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.

All funds recouped for the PDTS program are forwarded to the U.S. Department of Education in June 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.

1.5 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 $895 million in new educational loans to more than 101,000 Arizona borrowers – including Federal Stafford loans for 93,455 students and Federal PLUS loans for 7,623 parents and students for the 2006-2007 academic year. 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.

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 the Investing in Arizona's Future research study.

In addition, USA Funds awarded $501,000 in scholarships to 334 Arizona residents under USA Funds Arizona Silver Anniversary Scholarships™ for the 2006-2007 academic year. An additional $244,500 in renewable scholarships were awarded to 167 Arizona students who previously had received scholarship awards 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.

1.6 Arizona Family College Savings Program (AFCSP)

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings Program (AFCSP). 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) in 1997 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. At all times the 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 for qualified higher education expenses by enabling account owners to invest 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 statutes, is comprised of 10 members with financial, tax and legal expertise, and 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

Dale Walters, Chair
Public Member
CEO, Keats Connelly

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

Gary R. Dokes
Public Member
Chief Investment Officer, AZ Retirement System

Dr. Roy Flores
Individual Employed by a CC or Univ. System with Asset Management & Financial Related Experience
Chancellor, Pima Community College District

John Garcia
Certified Public Accountant
CPA, Henkel of America, Inc.

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

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

Mark P. Stein
Certified Financial Planner
CFP, AeGIS Financial Group

E. Blaine Vance
State Treasurer or Designee
Chief Deputy Treasurer

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

Two financial institutions were selected as depositories and managers of the AFCSP in 1999. By 2003, a total of four financial institutions had been approved by the ACPE as AFCSP's 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 the beginning of 2006, 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 restructuring of the AFCSP was completed in November, 2006. As a result, the AFCSP currently offers an array of investment choices to meet the participants' specific investment styles and risk tolerance through two distinct direct-sold providers and an adviser-sold provider. The investment options are listed below.

- **College Savings Bank** offers direct-sold Certificates of Deposit indexed to college costs
- **Fidelity Investments** offers direct-sold age-based asset allocation mutual fund portfolios, static mutual fund portfolios, as well as individual portfolios
- **Waddell & Reed Financial Services** offers advisor-sold age-based asset allocation mutual fund portfolio options. Individual portfolios will be offered beginning in 2007

Since its inception 1999, 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. Assets under management in the AFCSP reached $365 million, a growth rate of 15% from the end of the 2005 fiscal year, and over fifty two thousand accounts have been opened since the Program's inception. The Arizona Family College Savings Program's Annual Report is available to the public on the ACPE's website at www.azhighered.gov.

The costs to oversee the AFCSP are collected from an initial fee of $13.00 charged one-time to each new account opened.

The restructuring of the AFCSP along with other significant plan enhancements and initiatives described below, were designed to strengthen the program for the benefit of investors. The recent changes and initiatives, guided by the ACPE strategic plan for the Arizona Family College Savings Program, are focused on achieving three goals. These goals are (1) to ensure AFCSP providers offer quality and competitive savings options

to families, (2) to encourage existing providers to reduce fees charged to investors, (3) to update investors about investment options and program enhancements in order to make informed decisions based on their investment 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. The plan's new index portfolios are among the lowest cost in the 529 industry, capped at 50 basis points.

In addition, Waddell & Reed publicly announced the launch of a new class of shares giving financial advisers access to a range of choices more adaptable to individual needs as they work with their clients. The new E Share class will be available on 22 mutual funds within the Ivy Funds family in the first 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 implemented fee reductions in the beginning of 2006 across all its age-based portfolios and converted all mutual funds Class B and Class C shares to the lower-cost Class A shares at no cost to the investor. In addition to Waddell & Reed's fee structure changes, Fidelity Investments eliminated the low-balance annual fee applicable only to non-Arizona residents and reduced the initial investment minimums as well as the monthly contribution amount minimums for those accounts with automatic investment plans.

Third, In November 2006, AFCSP providers began implementing an aggressive marketing plan to promote the revamped AFCSP and to encourage more Arizona families to save for future higher education expenses. The promotional campaign, which includes direct mailings to the target audience, press releases at a national and local level, and special events, will extend to the 2007 calendar year. In addition, a marketing and public relations fund financed by the providers was used by the ACPE to increase local awareness of the features and benefits of the AFCSP as well as the importance of saving for college. Tieken:Moret Design and Marketing was commissioned by the ACPE to provide for additional AFCSP media coverage and to develop and distribute financial literacy pieces through local schools, the Arizona PTA, state agencies and the ACPE's website.

Finally, the revision of article 5 of the Arizona Administration Code – Arizona Family College Savings Program, is in progress to reflect the changes made to the AFCSP this year.

The AFSCP Oversight Committee and the ACPE 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.*

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

The Arizona Commission for Postsecondary Education endeavors to expand access and 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. Almost every parent holds the dream of college attendance for their child, and many adults seek higher education for personal/professional development.

The ACPE enters into programs and partnerships to assist parents and students as they plan for their dream. It is realistic planning with appropriate and accurate information that will assure the 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.

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. Each school listing includes course offerings, length of study, costs to attend, and financial aid programs available. 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.

This year 15,000 copies of the ACCG were printed and 13,250 were distributed free of charge to public schools, libraries, state agencies, prisons, and higher education institutions. In addition, the ACCG is available online at the ACPE web site at http://accg.azhighered.gov. Publication and distribution costs of the ACCG ($18,360.59) 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, GEAR-UP requested that 2,400 copies of the ACCG 2006-2007 publication be distributed this year to 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 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.

2.2 Arizona Commission for Postsecondary Education (ACPE) Website

In 2006, 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 Postsecondary Education Grant (PEG) program and the website was revised to reflect that and give educators and students eligibility requirements for the grant. The website is laden with important information about student financial aid. A measure of the success of our web site is the increase in visits from 96,820 over a 12-month period in 2005 to 104,332 over the same time frame in 2006. The ACPE web site can be viewed at www.azhighered.gov and is the portal to the ACCG Guide, Arizona 529 Plan, AMEPAC reports and College Goal Sunday

2.3 College Goal Sunday (CGS)

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 ten years by the ACPE. The 11th annual event is being planned and will be held on February 11, 2007, at 30 sites throughout the state.

The goal is to provide assistance to high school seniors (or adults entering postsecondary education) and their families 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 2006, College Goal Sunday was held in 29 Arizona communities on February 12th. On this Sunday afternoon, more than 342 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. In 2006, three thousand two hundred and eighty-seven students and parents attended. Since 1997, almost 27,000 students and their families have been helped by this event.

This event successfully achieves its purpose. The 2006 College Goal Sunday survey reported that for 31% 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 2006 was 52%.

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 2006 event survey also indicated a 30% Hispanic, 7% Native American, and 6% African-American participation rate.

Another plus in 2006 was that 58% of the CGS sites offered FAFSA on the web. Computer labs were opened to help families complete their FAFSA on-line. In 2007, 90% 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 is a sponsor of television advertisements for the 2007 event.

A new strategy being employed for College Goal Sunday in 2007 is the addition of "College Goal Sunday, Saturday Edition." One of our sites, Estrella Mountain Community College, will host the event on Saturday, February 10th 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.

2.4 "Count Down to College" Sunday Insert

In 2006, a 16-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 and additional pages were paid for with purchased advertising by higher education stakeholders through the newspaper sales staff and letters of introduction from the ACPE.

This postsecondary literacy document for families included articles with information about what to do "after the FAFSA (Free Application for Federal Student Aid form)" is completed, college essay writing tips, a college planning calendar, as well as promotion of the College Goal Sunday statewide event.

The Countdown to College insert is an example of a collaborative effort between the ACPE, the state guarantor of student loans, and postsecondary institutions that support the effort through advertisements. This publication is scheduled again in 2007 and will be distributed as a special insert in Phoenix, Tucson, and outlying areas to nearly 800,000 households on February 4, 2007. 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 Think College 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 eight 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. The printing and distribution of *Carlton Q Cat* and *The Future Five* have been discontinued. 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. Currently, staff is modifying *Rapid Guide's 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. The Commission plans to distribute this guide to High School juniors throughout the state in spring of 2007.

Two other opportunities to increase access to college going information have been discovered and are being explored. First, the Commission partnered with *College Times* to create a publication by high school students for high school students. The publication was distributed to approximately 180,000 students at 200 high schools across Maricopa County in late August and early September. It included articles on College Goal Sunday, 10 easy steps to get money for college, obtaining financial aid for college, how to choose a college, the seven easy steps for applying to college, college loans–an investment in the future, what to take to college, where to live in college, and getting a jump start in the ninth grade.

And second, the ACPE provided a fourth year of editorial direction for the *Phoenix Magazine* August edition to include a higher education section. This opportunity provides information to families across the state to learn more about the higher education options within Arizona. *Phoenix Magazine* has 385,500 readers.

2.6 The STAY in School Initiative

The public interest engendered through AMEPAC's papers related to high school dropouts in Arizona led the Arizona Commission for Postsecondary Education to develop the *STAY in School Initiative* in 2002. A pilot project was initiated in 2004 with Sunnyside Unified School District. The goal of this pilot project was to develop a

successful model from which others might learn and to equip community leaders to address the dropout issue in ways that are consistent with the values and realities of their school district, town, or region. This initiative has been owned by the community, has been connected to other resources, and it continues to thrive and serve as a laboratory for learning for the state.

In late 2004, the ACPE connected the *Learning Community Coalition* with the *Leadership for Learning Academy* effort already underway at the Sunnyside School District. Member organizations of the national Learning Communities Coalition include Communities in Schools, USA Funds, Scholarship America, Sallie Mae, U.S. Dream Academy, America's Promise: The Alliance for Youth, Merimar Productions, National Association for College Admission Counseling (NACAC), Paws Incorporated, and the National Mentoring Partnership

In 2005, Sunnyside Unified School District was selected as one of six pilot *Learning Communities* in the nation along with Benning Heights/Benning Terrace neighborhood of Washington, D.C.; the George Washington Community School area of Indianapolis, Indiana; the Washington Shores area of Orlando, Florida; Okolona, Mississippi; and the Wind River Indian Reservation in Wyoming. Sunnyside School District received a total of $603,900 to be used to support the pilot project over a three-year time frame beginning in 2006.

What was the *Stay in School* pilot project is now the Learning Communities Coalition and it is now funded by private sector sources The STAY in School *Leadership for Learning Academy* served as the foundation for the community development infrastructure that brought the *Learning Communities Coalition* grant to SUHD. In September of 2005, they renamed their leadership group the *Learning Community Leaders.* A community marketing campaign was developed and a kick-off event was held on November 5, 2005 to announce the new Coalition. The Coalition's mission is to bring about positive change in the community culture to support learning, and to increase the number of students who continue their education and graduate from college. Additional members of business and community-based organizations continue to join the group and work toward their common goals.

In addition to its continued interest in the Sunnyside USD pilot project and its opportunity for other communities learning, the ACPE will continue to participate in collaborations to increase graduation rates in Arizona including the Arizona Department of Education and the Center for the Future of Arizona as they provide leadership in dropout prevention.

2.7 Pathways to Education Awards/Developing Arizona's Human Capital Conference

The Developing Arizona's Human Capital: The Challenge Facing Postsecondary Education Conference was a two-day event held on April 20 -21, 2006. USA Funds helped the Commission sponsor the event. Other sponsors included University of Phoenix, Maricopa Community College District, Southwest Student Services

Corporation, Helios Education Foundation, Southwest Gas, Arizona State University, KAET Channel Eight, Greater Phoenix Leadership, The Business Journal 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.

David Brooks, *New York Times* columnist and political analyst for *The Newshour,* was the keynote speaker for the conference. His speech was based on his recent articles about Developing Human Capital and was centered around Arizona statistics and educational issues. Reactors to the keynote address included Laura Palmer Noone, President, University of Phoenix; Robert Robb, Columnist, *The Arizona Republic*; and Gary Trujillo, President and CEO of Southwest Harvard Group. Additionally, KAET *Horizon's* interview with David Brooks about developing human capital can be viewed on the Commission's website: www.azhighered.gov.

In addition to David Brooks' keynote on the first day of the conference, there were six breakout session: 1) Completing the Picture: Rural and Tribal Colleges, 2) Enlarging the Picture: Taking College Access Programs to Scale, 3) Developing Human Capital through Business/Education Partnerships, 4) Focusing on the Transitions: High School through Postsecondary Education, 5) Processing the Cost of higher Education: The Burden on Families, and 6) Completing the Picture: Minority Student Participation. At the end of the first day of the Conference AMEPAC rolled out its most recent policy analysis report: "The Road to Higher Education: Closing the Participation Gaps for Arizona Minority Students."

The second day of the conference started with a legislative breakfast where the chairs of the education committees and the Senate President Pro Tempore presented their views of higher education in Arizona. Also at this breakfast the legislators presented the Pathways to Postsecondary Education awards. These awards are designed to 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 comments from the authors of "The Value of Higher Education to the Individual and Society," and participated in a business leaders panel to focus higher education to meet workforce needs. Dr. Lattie Coor, CEO of the Center for the Future of Arizona and ASU President Emeritus, presented his views on the challenges facing higher education over the next two decades. The conference was wrapped up by Jim Zaharis, VP of Education for Greater Phoenix Leadership, with his comments on the next steps for the P-20 Council

The conference was a great success with approximately 150 individuals participating.

2.8 Transition into Postsecondary Education: The College Summit Pilot Project

A request from the Executive Director of the ACPE to the state loan guarantor, USA Fund, to assist in raising the Arizona college-going rate resulted in an investigation of existing college transition and support programs. *College Summit* stood alone in

empirical evidence of success in transitioning the middle-fifty percent of high school seniors into college attendees. Publications from *College Summit* indicated that over the past ten years, *College Summit* summer workshop participants have enrolled in college at a rate of 79%. Furthermore, students have stayed in college at a rate of 80%. The organization has received the National Association for College Admission Counseling's National Award for Expanding College Opportunity for Under-Represented Youth.

The focus of *College Summit* is changing the college-going culture of low-income communities. The program is designed to strengthen high school advising systems, college admissions systems, and the college-going culture. USA Funds sponsored an Arizona College Summit pilot program in 2005-2006. Five high schools and 150 youth were involved in the pilot project including seniors from Trevor Browne, Metro Tech, Glendale, Carl Hayden, and Sun Valley High Schools.

Due to a lack of funding, the pilot project was drawn to a close in the spring of 2006. Some results were identified during this brief pilot program. College Summit's Vice President of Growth Strategy and Development informed the Commission that 73% of the 99 students participating in Arizona's College Summit sent at least one application to college by April 26, 2006. College Summit will be collecting and analyzing actual college enrollment results for these students by the end of the fall 2006 semester. They will share the final enrollment results from the program, collected by the National Student Clearinghouse, and will evaluate the potential for College Summit to scale in Arizona at that time.

Goal 3: Problem solving 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 arose from discussion among Commissioners that needed 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 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 the University of Arizona's Latina/o Policy Research Initiative on access, affordability, achievement and preparation of minority students for postsecondary education. "The Road to Higher Education: Closing the participation Gaps for Arizona Minority Students" was published in 2006, along with the policy recommendations. The publication and the policy recommendations were rolled out at the Developing Arizona's Human Capital Conference on April 20th, 2006. The Commission distributed 950 copies of the full report during the summer to educators, business leaders and policy makers throughout the state. Additionally, the policy recommendations were e-mailed to nearly 1,000 people this summer. Several AMEPAC members and the Commission's Executive Director met with *The Arizona Republic* editorial board and several articles were written that generated interest in the report's findings.

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.

In addition, the *Minority Student Report*, a very popular publication, will be published for the third time in the spring/summer of 2007. This publication establishes benchmarks against which Arizona's progress in educating minority students can be measured.

3.2 Postsecondary Articulation/Transfer Task Force (PATTF)

The Postsecondary Articulation/Transfer Task Force (PATTF) is charged 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 members have 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. The Task Force continued refining its mission and goals in 2006.

On October 27, 2005, the 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.

More than 75 individuals attended the Conference including 27 representatives from the community colleges; 7 representatives from the public universities, and 26 representatives from private colleges and universities as well as technical schools. Also attending were two staff members from the Arizona House of Representatives, one from the Governor's office, and three ACPE Commissioners.

The Conference outcomes were presented at the ACPE Developing Arizona's Human Capital: The Challenge Facing Postsecondary Education Conference.

The connections made at the conference and within the Task Force continue to bring results in improved articulation. The Task Force continues to address these issues under the guidance of the ACPE

3.3 Student Financial Aid Task Force

In 2003, members of the ACPE convened a Student Financial Aid Task Force Task Force to work to improve financial access for students entering postsecondary education. Since that time a collaborative group of thirty-five business, community, philanthropic and education leaders have 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 first 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 Student Financial Aid Task Force has been building alliances and has secured the in-kind services of a marketing firm to assist in the development of this message through a Power Point presentation. The leadership and awareness of the financial barriers to higher education provided by the Task Force have been significant. It has been stated by a number of educators that the work of this group was instrumental in decisions to increase the Arizona student financial aid by $10.2 M in the 2006 legislative session. This work continues to proceed and is being informed each day by legislative and political activity in the state.

Conclusion

Four strategies have been employed during the first two 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.

First, the ACPE has committed to efficient and effective administration of the core financial assistance programs assigned to the Commission by statute. Significant improvements have been implemented in both the Leveraging Educational Assistance Partnership (LEAP) and in all aspects of administration of the Arizona Family College Savings Program (AFCSP). The Private Postsecondary Education Student Financial Program (PFAP) administration is under review and a plan is in place to improve the measures of administrative efficiency and effectiveness. In addition, the planning and administration of the PEG Program is well underway. Furthermore, all financial assistance programs administrative procedures will continue to be evaluated and reviewed annually to ensure that every dollar is available to students and their families for postsecondary attendance when it is needed. The PEG Program and its administration offers opportunities for a common state grant application to benefit students' ease of accessing funds.

Second, the staff continues to develop strategies to leverage the limited financial and human resources available to the ACPE in order to help Arizonans access postsecondary education. Through development and nurturance of partnerships, access to grant funds and donations, and initiation and participation in collaborative activities the ACPE plans to continue to offer programs such as College Goal Sunday, and the Pathways to Higher Education Awards and the Developing Human Capital Conference. Likewise, the ACPE will endeavor to provide college awareness and student financial assistance information to Arizonans through *Think College* publications, the Arizona College and Career Guide, Countdown to College Sunday insert, informational college-

going publications, and the ACPE website. Each of these programs and college awareness publications are offered at no expense to the State, but rather are sponsored through private dollars.

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 2005-2006, the Student Financial Aid Task Force, the College Goal Sunday Task Force, and the Postsecondary Education Articulation Task Force were very active and productive collaborative groups involving more than 65 individual stakeholders in planning and supporting ACPE activities. Also, a research paper commissioned by AMEPAC was published and promoted that contributed to the knowledge base of student access and success in Arizona higher education. The ACPE plans to continue 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 Center for the Future of Arizona's Graduation Rate and Dropout Initiative, the Governor's P-20 Council's Access to Higher Education Committee, the Arizona Department of Education's High School Renewal and Improvement Initiative, Arizona ASFAA's State and Legislative Affairs Committee, the City of Phoenix College Depot, College Scholarship Foundation, and the GEAR-UP Program. 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 Commissioners and staff will continue vigorously to seek avenues for partnerships and/or collaboration that contribute to this mission.