



Arizona Commission for Postsecondary Education

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

Annual Report for Early Graduation Scholarship Grant (EGSG) Program

Fiscal Year 2008-2009



Arizona Commission for Postsecondary Education

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December 24, 2009

The Honorable Janice K. Brewer, Governor
The Honorable Robert Burns, President of the Senate
The Honorable Kirk Adams, Speaker of the House of Representatives
Mr. Vincent Alascia, State Documents Librarian, AZ Library, Archives, and Public Records

I have the honor of submitting the second annual report on the Early Graduation Scholarship Grant (EGSG) Program on behalf of the Arizona Commission for Postsecondary Education (ACPE). Elements of this report include a brief history of the program development, a description of the students receiving the Scholarship and the institutions they attend, a summary of the expenses to administer the program, and a summary of the budget reductions and legislative changes affecting the program.

The second year administration of the Early Graduation Scholarship began with great promise as the ACPE staff sustained an intensive campaign to make stakeholder groups such as middle and high school counselors, community college officials, financial aid administrators, teachers, and principals aware of the program and its benefits to students. This work was effective and awareness increased dramatically as measured by phone contacts from stakeholder groups, students, and families regarding the Scholarship. Moreover, the number of applications increased exponentially during this period. In addition, the web-based grant system was perfected and both the application process and the disbursement of funds proceeded in an efficient and student-friendly manner.

Unfortunately, over this same period of time the Early Graduation Scholarship fund was reduced by 77% in response to the State budget crisis. Additionally, legislative changes to the program changed the program criteria and placed a moratorium on Scholarship awards for a year.

Commissioners and ACPE staff believe that the program is built on sound financial assistance and motivational principals. The scholarship program was well received by high school counselors, students, and families. Moreover, the goals of this financial assistance program remain important to the State. The Early Graduation Scholarship represents one of the few financial assistance programs available to middle class families.

Undoubtedly, over time this program would well-serve the State both through reduced costs of education and increased numbers of high school graduates moving into postsecondary education. Likewise, the scholarship would contribute to the development of a well-educated, higher-wage earning labor force. Commissioners and ACPE staff members remain hopeful that the moratorium will end and the EGSG program will be fully reinstated and the Commission will have the opportunity to fully develop this pathway to a postsecondary education experience.

Respectfully Submitted,

A handwritten signature in cursive script that reads "April L. Osborn".

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

cc: Stacey Morley, Senate Higher Education and K-12 Committee Analyst
Marge Zylla, JLBC Fiscal Analyst
Kevin Burke, OSPB Budget Analyst
Dawn Wallace, House Assistant Research Analyst

**The Arizona Commission for Postsecondary Education (ACPE)
Early Graduation Scholarship Grant (EGSG) Program
2008- 2009 Annual Report**

Submitted December 24, 2009
Dr. April L. Osborn, Executive Director

Introduction and Description of the Scholarship

Arizona's Early Graduation Scholarship Grant (EGSG) program was created in 2007, sponsored by Representative Andy Tobin. This report includes information on the first full year (July 1, 2008 to June 30, 2009) of Scholarship administration and a progress report on the administration of the Program since the end of the 2009 fiscal year. As requested in statute this report includes information on the number of early graduates, the number of scholarships provided to the students, where the students enrolled, current balance of scholarship fund, and an administrative cost breakout for the Program.

This non-need based college access scholarship is designed to provide an incentive for high school students to graduate early and promptly transition into a postsecondary experience. Students who graduate from a public high school district or charter school at least one semester early and enroll full-time at an eligible Arizona postsecondary institution may receive up to \$1,500 (over two academic years) and students who graduate at least one year early may receive up to \$2,000 (over two academic years) to be applied toward tuition, fees and book expenses. The Early Graduation Scholarship is available for three years after graduation.

The EGSG scholarship is funded by a shared proportion of the Average Daily Maintenance (ADM) which is collected from the schools by the Arizona Department of Education (ADE) and transferred to the EGSG fund.

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

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

Launched in September 2007, the Arizona Commission for Postsecondary Education immediately began planning the startup and administration for the Scholarship. The ACPE designed and implemented a temporary semi-automatic web based application system while waiting for the ADE to gather and deposit funds into the Scholarship Fund. The Scholarship Fund received its first deposit from the ADE in January 2008. Simultaneously, the ACPE hired two financial aid professionals to administer the Scholarship and began compiling and developing a wholly web-based automated application system; which would solidify the infrastructure for the EGSG Program.

The first payments to the EGSG Scholarship participants were made in April 2008. Thirteen students were presented their scholarship check by the Speaker of the House and

Representative Andy Tobin, the sponsor of the EGSG bill, at a ceremony at the Capitol. An additional 28 students were awarded the scholarship by June 30, 2008 for a total of 41 scholarships awarded which amounts to \$18,500. An additional \$41,375 is reserved for the following academic year which is to be paid in three installments over two years. This level of participation was generated despite having a limited opportunity for generating awareness.

Evolution and Expansion of the Program: July 1, 2008 to June 30, 2009

Since the end of FY 2007-08, the Commission has focused on raising the awareness/promotion of the EGSG Program. The ADE Early Graduate Report indicates there were 962 year early graduates in FY 2008-2009. This report is attached to this narrative and is broken down by district and high school. Because the ACPE does not have access to names and contact information for the early graduates or families, communications are sent to those who work with and influence the early graduates: high school counselors/administrators, admissions, outreach and financial aid professionals at Arizona postsecondary institutions, college access programs and members of the community.

Emphasis is placed on building partnerships with professionals who can identify and educate potential early graduates of the Program. The staff has also provided Program information for the high school websites and financial aid nights. In addition, regular email communications are sent to admissions/outreach and financial aid professionals at the postsecondary institutions regarding the EGSG Program. A direct mail pilot program was launched in partnership with the Peoria Unified School District to expand the Scholarship's outreach. The ACPE was able to present scholarship materials at the Arizona High School-College Relations Council's annual conference.

These efforts have proven fruitful. The EGSG program grew exponentially from the first year of administration to the second year. In the first year of administration (FY 2007-08) forty-one students were paid for a total of \$18,500. In the second year of administration (FY 2008-09) two hundred sixty-six students were paid for a total of \$207,823.

The table below illustrates who benefited from this scholarship program and the institutions they attended in FY2008-09.

Total Recipients	Initial Applicants¹	Returning Applicants²	Total Program Award	Average Age of Students	Average FISAP³	Average EFC⁴	Average Grant Amount
266	247	19	\$207,823	19	\$81,756	\$15,004	\$729

Public University	Community College	Private 2 Year and 4 Year Institutions	Vocational
77	178	9	2

¹Initial EGSG applicants are students who are in their first or second semester of enrollment.

²Returning EGSG applications are students who are in their third and fourth semesters of enrollment.

³FISAP is the total family income reported on the Free Application for Federal Student Aid (FAFSA). If a student is considered dependent then the FISAP income reported would include both a student and family data. Independent students would only reflect student and spouse income.

⁴EFC is the expected family contribution as determined by the FAFSA. This number is used by institutions to determine the types of aid available to students. The *Expected Family Contribution (EFC)* is how much money a *family* is *expected* to pay toward the student's college education for one year.

Overwhelmingly the institution of choice for the early graduates is the local community college by nearly a two to one margin over the public universities.

A Summary of Administrative Costs

The Commission is allotted 5% of the program funds for general administration. As of June 30, 2009 the Commission spent \$178,394 on general administration. The statute allowed the Commission to establish and hire two positions for the implementation of the Early Graduation Scholarship Grant program. In addition, the financial aid staff is working for a third year with a contracted IT company to refine the web-based Student State Financial Aid System. This system is designed to provide a secure portal and application for the six grants under the APCE's administration.

The following general administrations for the fiscal year FY2008-FY2009 are as follows:

Personal Services and Employee Related Expenses	\$140,680
Professional and Outside Services (Website programming application enhancement, site hosting/maintenance/support, and student intern)	\$ 10,241
Other Operating Expenses (Includes portion of the lease, printing and advertising, office supplies, postage, telephone charges & other expenses)	\$ 25,133
EDP Equipment (Purchase of another computer)	<u>\$ 2,340</u>
Total	\$178,394

Loss of EGSG Scholarship Funds and Moratorium

Unfortunately, the momentum of the EGSG program was abruptly halted in FY2009-10. A \$3M reduction in the EGSG fund was previously taken through the Chairman's Option in May 2009 and another \$2.9M was taken from the fund in September 2009. In addition to the fund reductions, which totaled 77%, significant changes were made to the Early Graduation Scholarship Grant (EGSG) program through house bills 2011 and 2012. The changes include a one year moratorium (suspension) for new applicants for FY2009-10 and the ADE suspension of the adjustment of per pupil funding and transmission of funds to the EGSG scholarship fund for FY2009-10. Simply put, students who graduated after July 1, 2009 will not be able to participate in the scholarship program. Statute language was also changed to limit the EGSG scholarship to one year early graduates. However, one semester early graduates who are already participating in the program will be allowed to continue to receive the remaining funding owed to them.

These reductions/actions leave the scholarship fund nearly depleted. The numbers of students reported by the ADE who have graduated early (counting both one semester and one year early) and are eligible for the scholarship since inception total 5,295; however, the remaining scholarship funds will support less than ten percent of eligible early graduates. Administration of the Scholarship allows for four payments over two academic years therefore funds are committed for all four payments when the applicants are accepted into the program.

EGSG Fund Breakdown

\$1,100,000	Current funds available for student scholarship awards
(\$474,625)	Outstanding financial obligation for students in the program who have received at least one payment; this represents 484 early graduates.
\$625,375	Funds available after obligation to students in the program is met
(\$376,000)	Projected amount required for students who have applied and are awaiting payment; this represents 221 early graduates.
\$249,375	Remaining funds available for scholarships

Due to the short life of the program, it is impossible to measure the important long term outcomes. However, several short term outcomes have been realized.

- In the second year of the program the number of applications submitted increased by 150%. This momentum is attributed to the continued partnership with the high school counselors and an extensive grass roots marketing effort which has led to a better understanding of the program for students and families.
- The ACPE awarded 196 new Scholarships at the beginning of FY 2010 to qualified early graduates prior to the moratorium.
- Currently 221 qualified early graduates have applied and are on a waiting list awaiting their first disbursement.
- Since the inception of the program the Commission has received a great deal of feedback from high school counselors and parents regarding the EGSG scholarship program. The feedback received has been very positive. Counselors and families are pleased to have another funding source available for students who would not otherwise qualify for grants.
- The EGSG scholarship appears to be the only State Grant/Scholarship program in which students who attend a vocational/technical institution may receive funds. This has been a pleasant surprise for students who choose to attend vocational institutions as they often find it challenging to afford their education/training due to the limited aid options available to them.

The EGSG Scholarship has the potential to serve large numbers of students and increase participation in postsecondary education. The moratorium interrupted the process of awarding the Scholarship in FY 2010. Even under these circumstances the APCE has received 420 applications for a growth rate of 200% over the previous year of Scholarship administration. The ACPE staff estimates the application rate would have increased 400% had the moratorium not occurred.

The Commission believes that the goals of this financial assistance program remain important to the State. This scholarship program was well received by high school counselors, students and families. It was one of the few financial assistance programs available to middle class families. Undoubtedly, over time this program would well serve the State both through reduced costs of education and increased numbers of high school graduates moving into postsecondary education. The greatest benefit to the State from this Scholarship is a well educated, higher wage earning labor force. The Commission remains hopeful the moratorium will end and the EGSG program will be fully reinstated.