

ARIZONA COMMISSION FOR POSTSECONDARY EDUCATION

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

ANNUAL REPORT FISCAL YEAR 2019

Revised December 31, 2019



Arizona Commission for Postsecondary Education

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December 31, 2019

The Honorable Doug Ducey, Governor
The Honorable Katie Hobbs, Secretary of State
The Honorable Karen Fann, President of the Senate
The Honorable Russell Bowers, Speaker of the House of Representatives

I respectfully submit the enclosed FY 2019 annual report on behalf of the Arizona Commission for Postsecondary Education (ACPE). A planning process was undertaken by the 16 Commissioners and they identified an agency mission of *expanding access and increasing success in postsecondary education for Arizonans*. Therefore, the work of the Commission is directed toward and measured against this mission each year.

FY 2019 brought continuing financial challenges and additional opportunities to the ACPE. Challenges faced by the Commission include a sustained 80% reduction in the ACPE general funds appropriation as compared to FY 2008. Because the core responsibilities of the Commission focus upon student financial assistance, this loss of financial aid affects the education potential of nearly 20,000 students who in years past would have received financial assistance through ACPE administered grants or scholarships.

In contrast, the Arizona Family College Savings (529) Program has experienced consistent and steady growth. As of June 30, 2019, the AFSCP held more than \$1.4 billion in assets and over 84,000 accounts were in place to pay for college expenses. As Arizona's Qualified Tuition Program (QTP), the Arizona Family College Savings (529) Program provides an important opportunity that helps families prepare to pay for college. A modest state income tax deduction initiated in 2008 and increased in 2013 encourages families to save.

The report also describes the Commission's leadership in establishing a statewide network of high schools committed to building a college-going culture through College and Career Goal Arizona (C2GA) programs. This work is taking place through the Commission's coordination and integration of three programs: 1) the Arizona College Application Campaign, 2) the College Goal FAFSA Completion Initiative, and 3) the FAFSA Finish Line Project. Additionally, the Arizona FAFSA Challenge is funded through the Governor's set aside Workforce Innovation Opportunity Act funds and was launched in September of 2018. It is beginning to attract energy and participants. The goals are to help Arizona students complete a FAFSA, to raise public awareness regarding the value of federal dollars that completed FAFSAs bring into the economy, and showcase how low income families seeking to better their lives can succeed with appropriate student financial aid resources.

Another important objective of the Arizona Commission for Postsecondary Education is communication of vital financial aid and college-going information to the public in a variety of ways. In FY 2019, nearly 240,861 unique visits were made to ACPE websites. The ACPE also distributes to families and students free print publications that assist in college planning, understanding financial aid processes, and important deadlines including the *College Savings Planner* and the *Arizona College and Career Guide*.

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

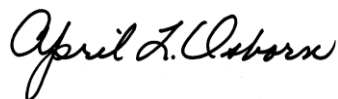
One Decision Package has been submitted by the Commission with the FY 2021 Budget Request. The benefits of this package are designed to advance educational equity and to diminish the achievement gap experienced by Arizona's low-income and minority students. The proposal will allow for increased student achievement by increasing student access to quality teachers as a result of the additional committed to service teachers produced through the Arizona Teacher Student Loan Program budget increase. This service oriented program and students activities contribute to greater educational equity and provide opportunities to lessen Arizona's achievement gap.

Issue 1: Arizona Teacher Student Loan Program (Formerly the Math, Science, and Special Education Teacher Loan Forgiveness Program) – \$312,400

- The purpose of this program is to bolster the Arizona teacher workforce by attracting quality students into teaching preparation programs who will take on the mission of service in order to repay their loan obligation through teaching in high-need subject areas (math, science, and special education) or teaching in low-income, rural or Indian reservation schools. This request will fund an additional 30-40 student teachers annually.

This annual report describes the details of the challenges and opportunities within the Commission's statutory authority and the Commission's strategic plan. Questions regarding this report and detailed information regarding ACPE programs and publications are available on www.highered.az.gov or by contacting our office at 602-542-7230.

Respectfully Submitted,



Dr. April L. Osborn, Executive Director

cc: Brook White, Senate Senior Policy Advisor
Roxanna Pitones, Senate Education Policy Advisor
Brenden Foland, House Education Policy Advisor
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Chase Houser, House Research Analyst
Alexis Pagel, JLBC Fiscal Analyst
Jacob Wingate, OSPB Budget Analyst
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**The Arizona Commission for Postsecondary Education (ACPE)
FY 2019 Annual Report**

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

Submitted December 31, 2019
Dr. April L. Osborn, Executive Director

Introduction

The work of the Arizona Commission for Postsecondary Education (ACPE) is guided by a strategic plan. The purpose of the plan is to provide focus for the activity of this small agency and its seven staff members in order to increase productivity and impact in the areas of its statutory authority. The mission and goals were reviewed and accepted by Commissioners and this report reflects a review of goals, performance, and outcomes as outlined in the plan.

Through a planning process, the 16 Commissioners identified an agency mission of *expanding access and increasing success in postsecondary education for Arizonans*. Three goals were named to achieve this mission: (1) maximize available student financial assistance to students and families, (2) provide accurate and timely information and assistance from knowledgeable professionals to help students and their families enroll, finance, and succeed in postsecondary education, and (3) provide a forum for all sectors of postsecondary education to dialogue, partner, and problem solve issues of mutual interest. A roster of the ACPE Commissioners follows this introduction.

The work of the ACPE has been highly impacted over the past eleven years by the reduction of over \$4.8M in state appropriated student financial assistance dollars and the loss of \$1.7M of federal student aid and infrastructure funding. These changes include:

- suspension of the Postsecondary Education Grant (PEG) in 2011 and repeal in 2017;
- suspension of the Private Postsecondary Education Assistance Program (PFAP) in 2011;
- establishment of the Early Graduation Scholarship Grant in 2008, and ceased in 2013;
- transfer of the Arizona Math, Science, and Special Education Teacher Loan Forgiveness program to the Commission and reduction of funding to \$176,000 annually in FY 2012;

- establishment of several College Access Challenge Grant initiatives at the request of the Governor’s Office within the Commission including the Arizona College Access Aid Program (ACAAP) in 2009, later transformed into the Last Stretch Scholarship in 2011, as well as infrastructure funding to establish the Arizona College Access Network.

The following “Historical Review of ACPE Student Aid Programs” table shows that \$2.7M of the Commission budget in FY 2019 represented flow-through funds dedicated to student grants and scholarships. In contrast, in FY 2008 the student financial assistance dollars were \$7.5M. This table reflects additional ACPE budget reductions in student grant/scholarship programs over the past eight years.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019
Total Aid Disbursed	\$ 3,511,920	\$ 4,178,488	\$ 3,521,142	\$ 2,484,619	\$ 2,483,125	\$ 2,488,151	\$ 2,612,217	\$ 2,731,125
% Decrease compared to FY 2008	-53%	-45%	-53%	-67%	-67%	-67%	-65%	-64%

The loss of these grant dollars affects the lives of nearly 20,000 students who in previous years would have applied to the ACPE for grants/scholarships and received funds. It is important to note that at the close of FY 2010 the ACPE had a waiting list of an additional 8,799 students who were seeking financial aid, even when these grants were available.

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

Again in 2019, there was a great deal of Commission activity regarding Goal 2 which calls for the Commission to provide support from knowledgeable professionals as well as accurate and timely information to help students and families take steps to enroll, finance, and succeed in postsecondary education. Three initiatives which stem from the success of the Commission’s long-standing College Goal Sunday Statewide Financial Literacy Initiative have been established within the Commission in support of building a college-going culture statewide. These include:

- leadership of the Arizona College Application Campaign conducted in high schools in partnership with the public universities, community colleges, and private institutions and supported by a Statewide Advisory Committee,
- a renewed focus on workshops at the high schools for the College Goal FAFSA Financial Literacy Initiative, in partnership with AASFAA (Arizona Association of Student Financial Aid Administrators), thus supporting both community and high school FAFSA (Free Application for Federal Student Aid) Completion Workshops statewide, and
- assisting high schools in promoting the FAFSA application which opens on October 1, FAFSA completion training, and providing FAFSA Finish Line Reports to high school counselors, allowing increased completion of the FAFSA for seniors through individualized targeted interventions.

The third and final goal, providing a forum for all sectors of higher education to dialogue, partner, and problem solve issues of mutual interest remains important to Commissioners and staff members. This goal is forwarded through policy analysis and research, by AMEPAC, executed by collaborative action led by ACPE Commissioners and staff members, and Commission participation in college related initiatives led by foundations, government, or non-profit entities with similar missions.

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

Critical to the success of the Arizona Commission for Postsecondary Education is the expertise and advice from the 16 appointed Commissioners. The current roster of the Commissioners and Commission staff follows.

**Arizona Commission for Postsecondary Education
Member Roster as of June 30, 2019**

John Arnold

Executive Director
Arizona Board of Regents

Dr. Tacy Ashby

Senior VP, Strategic Educational Alliances
Grand Canyon University

Brian Capistran

Superintendent
Glendale Union High School District

Dr. Rhonda Capron

Vice Chancellor for Academic Affairs
Embry-Riddle Aeronautical University

Susan Ciardullo

Commission Chair
Corporate Director, Community Outreach
West Coast Ultrasound Institute

Dr. Steven Gonzales

President
GateWay Community College

Jill Kohler

President
Penrose Academy

Dr. Joel Kostman

Campus Director - Mesa
Pima Medical Institute

Dr. James Rund

Senior VP, Educational Outreach & Student Affairs
Arizona State University

Dr. Colleen Smith

President
Coconino Community Colleges

Teri Stanfill

Executive Director
Arizona Board for Private Postsecondary Education

Dr. Kasey Urquidez

VP, Enrollment Management, Student Affairs
Advancement & Dean of Undergraduate
Admissions
University of Arizona

Edward Vasko

CEO
Terra Verde, LLC

Dr. Jody Williamson

Superintendent
Pointe Schools

Dr. Michael Wright

Superintendent
Blue Ridge Unified School District

Vacant

One member who holds a senior executive or managerial position in an institution offering postsecondary vocational education programs that is not qualified under any other category

Commission Staff

Dr. April L. Osborn

Executive Director

Cathy Guthrie

Business Manager

Daniel Helm

Associate Director, State Student Financial Aid

Deena Lager

Director, Arizona Family College Savings Program
Director, Arizona Student Financial Aid

Julie Sainz

Arizona FAFSA Challenge Project Manager

Amanda Schabacker

Program and Agency Operations Director

Judi Sloan

Office & Communications Coordinator

Goal 1: Maximize student financial assistance available to students and families

Core responsibilities of the ACPE are related to postsecondary student financial assistance programs. The Commission has been administering student financial aid programs for Arizona since 1972. Named the entity representing Arizona in the National Association of State Student Grant and Aid Programs (NASSGAP), the ACPE has disbursed funds to students attending more than 100 public and private colleges and universities, community colleges, and vocational schools over the last four decades.

Over the past thirteen years, the Commission has been responsible for eleven financial assistance programs including:

- Arizona Leveraging Educational Assistance Partnership (AzLEAP), currently \$2.3M/year;
 - Leveraging Educational Assistance Partnership (LEAP), federal matching funds of approximately \$500,000/year, ceased in 2012;
 - Special Leveraging Educational Assistance Partnership (SLEAP), federal funding ceased in 2012, amounts varied generally over \$600,000/year;
- Private Postsecondary Education Student Financial Assistance Program (PFAP), suspended in 2010, amounts varied up to \$800,000/year;
- Postsecondary Education Grant (PEG), suspended in 2010 and amended in 2017, amounts varied up to \$5M/year;
 - Special Postsecondary Education Grant, \$540,000 designed to meet federal Maintenance of Effort (MOE) requirements, ceased in 2014;
 - Private Postsecondary Education Grant (PPEG), created in 2017 amendment, currently funded at \$0/year;
- Arizona Teacher Student Loan Program (ATSLP) formerly known as the Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE), amended in 2017 and currently funded at \$426,000/year;
- Early Graduation Scholarship Grant, amounts varied up to \$4.8M, ceased in 2013;
- College Access Challenge Grant financial assistance programs titled (a) Arizona College Access Aid Program and (b) the College Access Challenge Last Stretch Scholarship, funded at \$1.1M/year, ceased in 2014;
- PFAP, PEG, and ATSLP (MSSE) forgivable student loan repayment programs;
- The Arizona Family College Savings (529) Program; and

- AZGrants Student Financial Assistance Web Portal.

Dramatic changes have occurred in many of the student financial aid programs listed above, at both the state and federal levels, during the years depicted in the “Historical Review” table. Most notable are the suspension or termination of several successful financial aid programs administered by the Commission as well as the restructuring of several programs.

Funding for the Private Postsecondary Education Student Financial Assistance Program (PFAP) was placed on suspension in 2010 and the program remains suspended. The Postsecondary Education Grant (PEG) was also suspended in 2010 and then ceased in 2017. The Early Graduation Scholarship Grant (EGSG) ceased in 2013. Additionally, the Special Postsecondary Education Grant (Special PEG) and the College Access Challenge Last Stretch Scholarship (CAC Last Stretch) ceased in 2014. PFAP, PEG and Special PEG programs successfully achieved their intended outcomes including:

1. strengthening the private sector of postsecondary education in Arizona,
2. reducing the tax burden of Arizona higher education by incentivizing students to attend private institutions, and
3. providing financial aid to adult students to increase motivation and persistence to complete a baccalaureate degree.

The College Access Challenge Last Stretch Scholarship (CAC Last Stretch) was designed to foster partnerships among federal, state and local government entities, and philanthropic organizations to significantly increase the number of underrepresented students in postsecondary education. The Governor’s Office partnered with the Commission to provide student scholarships through the second cycle of the federal formula-based College Access Challenge Grant (CACG). The ACPE administered more than \$1M in student scholarships to low-income students with 60 or more credit hours to sustain their attendance for the final years of degree completion. Unfortunately, FY 2014 was the last year of funding for the Last Stretch Scholarship due to the denial of Governor Brewer’s request for a federal waiver of Arizona’s Maintenance of Effort (MOE) toward the Arizona College Access Challenge Grant.

Federal matching funds for the three-part (federal, state, institutional) Leveraging Educational Assistance Partnership (LEAP) program were eliminated in FY 2012. The program was re-structured and re-titled the Arizona Leveraging Educational Assistance Partnership (AzLEAP) and continues to serve low-income students with matching dollars from the state and postsecondary institutions. Sadly, no solution was found to offset the loss of federal funding for the Special Leveraging Educational Assistance Partnership, which was eliminated in FY 2012, and the program was terminated.

The Commission has just completed its seventh full year of administration of the newly renamed Arizona Teacher Student Loan Program (ATSLP) formerly the Arizona Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE). Established in FY 2007, this program was transferred to the Commission in FY 2012. In

addition to verification of eligibility and fund disbursement, responsibilities also include loan administration, borrower service tracking, and loan repayment servicing. Unfortunately, funding for the program was reduced from \$2M to \$176,000, drastically limiting the number of students served by this popular forgivable loan for teachers-in-training. In 2017, funding was modestly increased to \$426,000. To better serve the eligible pool of Arizona teachers-in-training, the ACPE requests one FTE, one computer, and an additional \$312,400 in its FY 2021 Decision Package.

A detailed description of the implementation and outcomes of all active and inactive student aid programs under the administration of the ACPE are outlined in the following section. A description of the student loan repayment programs, the secure web portal which provides both information and a single application for all grants, as well as the Arizona Family College Savings Program are covered in the last pages of the Goal 1 section.

Active Student Aid Programs

1.1 Arizona Leveraging Educational Assistance Partnership (AzLEAP)

The Leveraging Educational Assistance Partnership (LEAP) has been in existence in Arizona since 1972 and has served as Arizona's "primary" low-income student grant program. LEAP was first offered in the 1970's to encourage states to establish their own primary low-income student grant and was always considered a temporary incentive program offered by the federal government. Arizona and approximately four other states never progressed beyond the initial contribution and therefore LEAP remained Arizona's "primary grant" because it served low-income students across all sectors of public and private education. A unique aspect of the Arizona LEAP program was that it leveraged the federal dollars twice. This occurred by requiring each institution to match the state funds in order to participate in the Arizona LEAP program. The Arizona Commission for Postsecondary Education has administered the program, ensuring adherence to all federal regulations and the Arizona Administrative Code.

The Commission was notified in the spring of 2011 that the federal grant funding for LEAP and the companion grant SLEAP would be eliminated beginning in FY 2012 and thereafter. This represented a \$1.3M reduction in available grant aid for low-income Arizona students. An ACPE survey of participating institutions indicated that they had a strong desire to continue the program and were willing to continue to provide institutional matching funds. Institutions also agreed to allow the administrative fees for this program to be removed from the institutional match. Therefore, the program continued using the \$1.2M state funding for LEAP and the institutional match of the same amount. The restructured Arizona Leveraging Educational Assistance Partnership (AzLEAP) program originated from the former Leveraging Educational Assistance Partnership (LEAP) program.

FY 2019 was the eighth year the Commission administered the restructured AzLEAP program. Private and public higher education institutions apply to the ACPE and the ACPE certifies institutional eligibility and determines a proportional distribution of funds

to institutions (based on the number of Arizona resident students). AzLEAP recipients are selected by the institutions on the basis of financial need established through federal methodology and state administrative rules. Near the end of the fiscal year the institutions provide reports to the Commission regarding the students awarded. The Commission reviews the students awarded to assure program compliance.

In FY 2019, three thousand forty-six (3,046) Arizona Leveraging Educational Assistance Partnership (AzLEAP) awards were provided through 36 postsecondary institutions totaling over \$2.3 million in leveraged financial aid (state and institutional) to low-income students.

The table below provides a description of those who received awards in FY 2019.

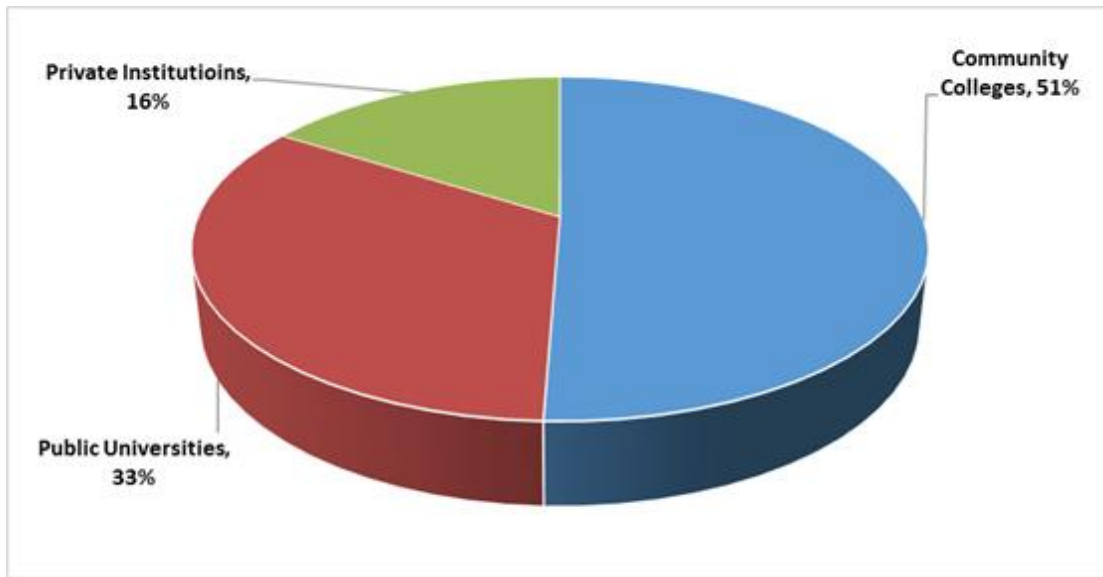
Description of AzLEAP Recipients in FY 2019

Total Recipients	Total Disbursement	Dependent Recipients	Independent Recipients	Recipients w/Income Less than \$19,999	Recipients w/Income Between \$20,000 and 39,999	Recipients w/Income Over \$40,000
3,046	\$2,315,071*	1,444	1,602	1,770	887	389

*Due to a participating postsecondary institution emergency closure during FY2019, the full amount of funds was not disbursed to students, but the funds were awarded to the participating postsecondary institution.

It is important to note that 87% of the recipients had incomes below \$40,000 with over 58% of the total recipients reporting incomes under \$20,000. The percentage of students whose incomes reported was less than \$19,999 illustrates the need is still present for this financial aid program. Institutional distribution of AzLEAP awards in FY 2019 resulted in the following distribution percentages: 33% to public universities, 51% to community colleges, and 16% to private institutions as illustrated in the pie chart on the following page.

Distribution of AzLEAP Recipients by Institution in FY 2019



Educational Sector	Total Disbursement	Total Recipients	Average Grant
Community Colleges	\$1,188,287	1,920	\$619
Public Universities	\$768,935	621	\$1,238
Private Institutions	\$357,849	505	\$709
Total	\$2,315,071*	3,046	\$760

*Due to a participating postsecondary institution emergency closure during FY2019, the full amount of funds was not disbursed to students, but the funds were awarded to the participating postsecondary institution.

Annual AzLEAP administration performance measures are collected through surveys of institutional financial aid administrators and reviewed by ACPE staff. Based on the 2018-2019 surveys, 90% of financial aid administrators indicated that they agreed or strongly agreed that they were satisfied with administration of this program by the Commission. The Commissioners are pleased that the State recognizes the need to continue this important financial aid program. With the rising tuition costs and limited or reduced financial aid available, the Commission is gratified to be able to partner with the participating institutions to offer this much needed aid to low-income students.

1.2 Arizona Teacher Student Loan Program (ATSLP) Formerly the Arizona Math, Science Special Education Teacher Loan Forgiveness Program (MSSE)

The Math, Science, and Special Education Teacher Loan Forgiveness Program (MSSE) was created in 2007. During the 2017 Fifty-Third Legislature, First Regular Session, Senate Bill 1040 made significant changes along with renaming the program to the Arizona Teacher Student Loan Program (ATSLP). Effective FY 2018, the new changes are:

1. Elimination of the service area of teaching in elementary schools that are located in geographic areas that are experiencing a shortage of teachers,
2. Inclusion of three additional service areas: low-income schools, rural schools, or schools located on an Indian reservation,
3. Inclusion of students who are pursuing a teaching certificate through an alternative teacher certificate program as eligible students for the forgivable loan,
4. Inclusion of students who have a bachelor's degree and are in an alternative teacher certification program as eligible students for the forgivable loan, and
5. The allocation of forty percent of the annual amount appropriated to students who agree to provide instruction in a low-income school, rural school, or a school located on an Indian reservation.

During FY 2019, this student-centered, need-based forgivable loan was designed to increase the number of teachers in Arizona's public K-12 system in the following areas: math, science, special education, low-income schools, rural schools, or schools located on an Indian reservation. The forgivable loan supports and encourages Arizona resident college students to take on a mission of service in order to repay their obligation by pursuing a teaching career in identified high need areas and to remain in the State after graduation. Forgivable loans to help defray the cost of tuition, fees, and instructional materials were granted to eligible junior or senior undergraduate education majors and students enrolled in an alternative teacher certificate program offered at qualifying postsecondary education institutions in the State. Additionally, students must complete the Free Application for Federal Student Aid (FAFSA). The maximum forgivable loan is \$7,000 per academic year for up to three years. To have the loan forgiven, students must sign a promissory note each year agreeing to teach in select service areas in a public K-12 school in Arizona for the number of years they received the loan funding plus one year. The selected service areas in FY 2019 are math, science, special education, or a low-income school, rural school, or a school located on an Indian reservation. Students who do not meet the forgiveness criteria must repay the amount borrowed plus any interest.

In FY 2019 ATSLP loans were disbursed to 81 students, 50 loans to initial recipients (1st time recipients) and 31 loans to continuing recipients (prior recipients). The loan recipients attended both public and private postsecondary institutions for a total disbursement of \$411,624.52.

The table on the following page provides a student profile for those who received loans in FY 2019.

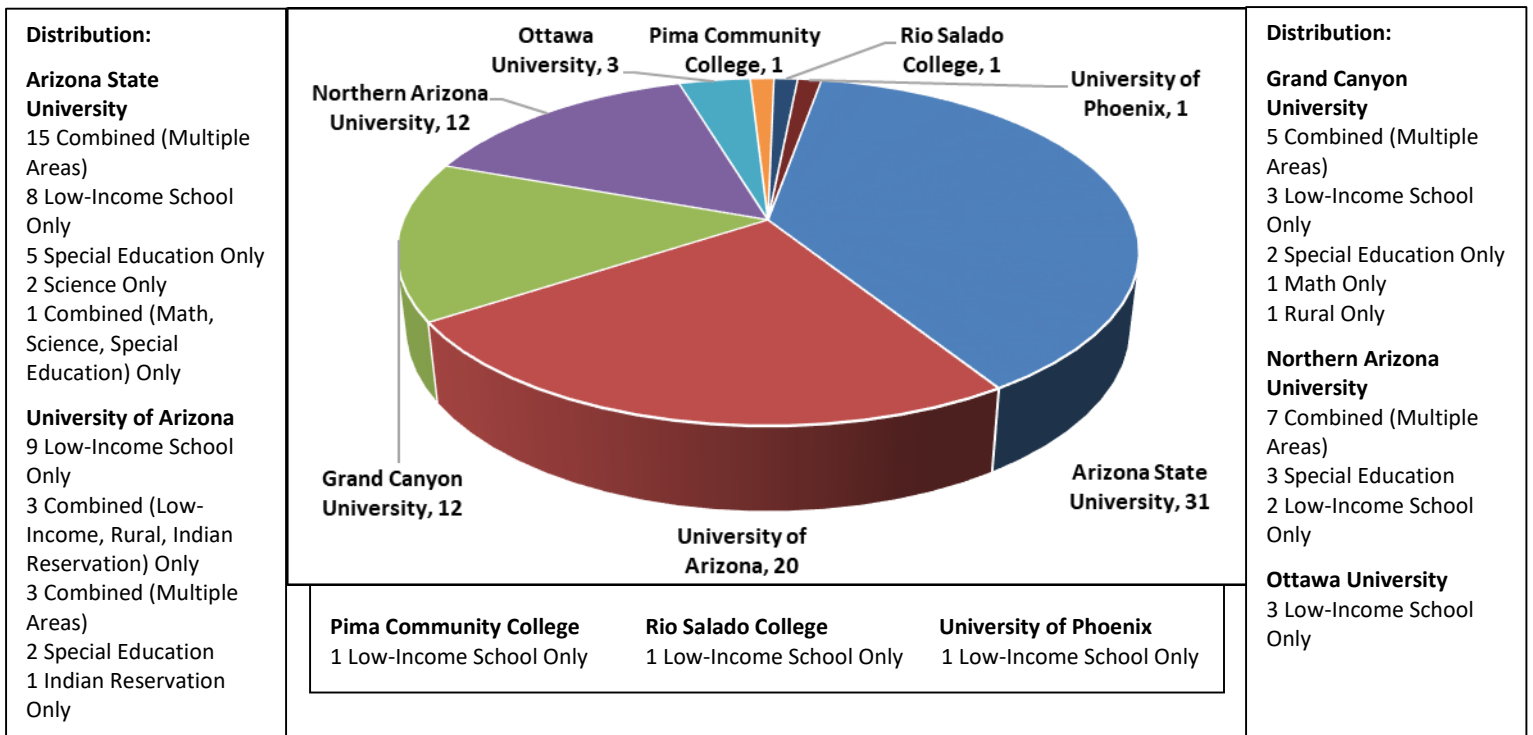
ATSLP FY 2019 Student Profile

Total Applicants	Total Recipients	Total Disbursement	Average Loan Amount	Average Age of Recipients	Initial Recipients	Continuing Recipients	Good Cause Exceptions
115	81	\$411,624.52	\$5,082	30	50	31	0

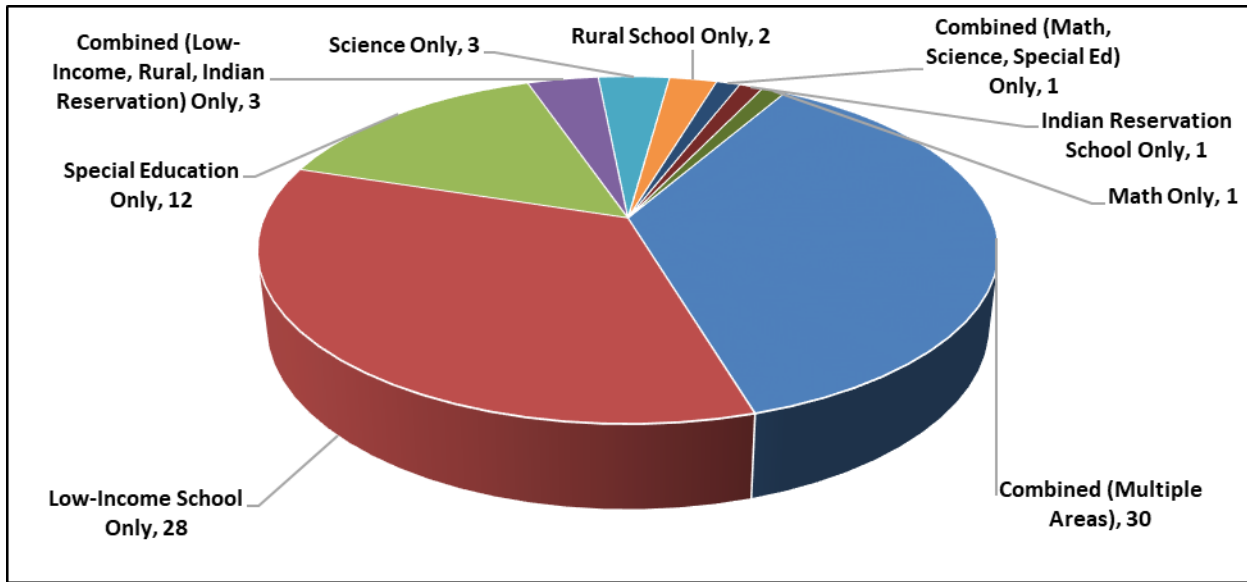
The difference between the total applicants and the total recipients is comprised of thirty-four applicants who did not meet program requirements.

The following pie charts represent a breakout of the institutions the 81 loan recipients attended and the areas recipients indicated that they would be teaching.

Recipients by Institution in FY 2019



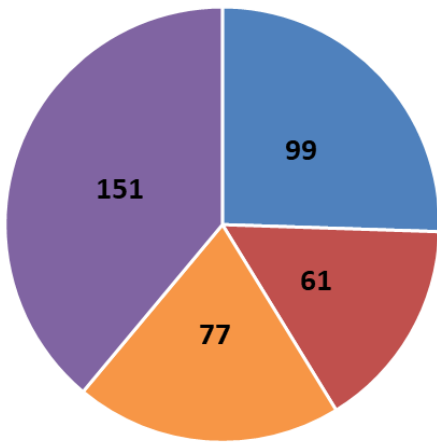
Recipients by Subject/Location in FY 2019



Status of Recipients in ATSLP (MSSE) Program from Inception through FY 2019

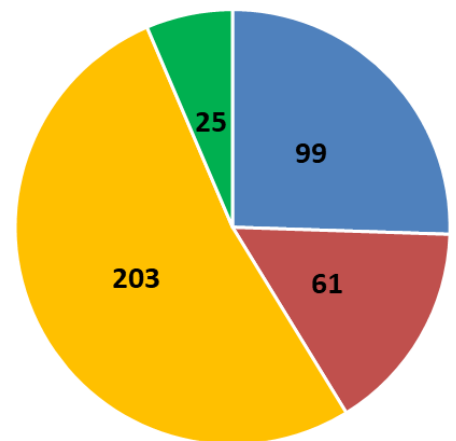
Tracking responsibilities are significant for ATSLP as each loan recipient is required to be tracked between seven to eleven years, depending on the number of years each student received funding. For students who enter into repayment, the relationship can increase up to 15 years. With the conclusion of FY 2019, 388 students have participated in ATSLP since its inception in 2007.

History of ATSLP Loan Recipients



Teaching Status

- Student Teacher or in a 1 Year Grace Period
- Recipients Who Are or Have Been in Repayment
- Forgiven Teachers No Longer Teaching
- Teachers Who Are Teaching
- Loan Forgiven
- Finishing Out Loan Obligation



Loan Status

In the graph on the previous page, 228 (58.8%) loan recipients are or have been teachers. Of those 228 teachers 203 (52.3%) have had their loan forgiven, while 25 (6.4%) are still working on loan forgiveness, with the prospect of an additional 99 (25.5%) loan recipients becoming teachers.

In FY 2020 the Commission will continue collecting the five-year teacher retention data for the 80 individuals whose loans have been forgiven through teaching.

The following is a list of the public K-12 schools in Arizona at which the 25 currently teaching loan recipients are employed.

**K-12 Schools where ATSLP (MSSE) Graduates Served
Their Teaching Obligation in FY 2019**

School	School City	Subject Taught
Collier Elementary	Avondale	Science
Conley Elementary School	Chandler	Special Education
Eva Marshall Magnet Elementary	Flagstaff	Special Education
Mountain School	Flagstaff	Elementary Education - Geo Shortage
Williams Field High School	Gilbert	Math
Glendale Success Academy	Glendale	Math
Sunset Elementary	Glendale	Elementary Education - Geo Shortage
Wildflower Elementary School	Goodyear	Elementary Education - Geo Shortage
Continental Elementary School	Green Valley	Special Education
Eisenhower Ctr for Innovation	Mesa	Special Education
Cotton Boll Elementary	Peoria	Special Education
Peoria Accelerated High School	Peoria	Math & Special Education
Academia Del Pueblo	Phoenix	Elementary Education - Geo Shortage
Alfred F Garcia Elementary	Phoenix	Elementary Education - Geo Shortage
Carl Hayden High School	Phoenix	Special Education
Paseo Hills Elementary	Phoenix	Special Education
Pinnacle High School	Phoenix	Special Education
Sunnyslope High School	Phoenix	Science

School	School City	Subject Taught
Curry Elementary School	Tempe	Special Education
Thatcher High School	Thatcher	Math
Cavett Elementary	Tucson	Special Education
Centennial Elementary	Tucson	Low Income School
Pima Prevention Partnership	Tucson	Special Education
Senita Valley Elementary	Tucson	Elementary Education - Geo Shortage
Yuma High School	Yuma	Math

ATSLP provides an important vehicle to shape student choices and bring new teachers to the profession in order to meet Arizona’s teacher shortage needs. The program is designed to contribute to the teacher pipeline by financially assisting quality students already in teaching preparation programs:

- Who are enrolled at public postsecondary institutions but are not supported by the Arizona Teachers Academy,
- Who are enrolled at private postsecondary institutions,
- Who are enrolled in Alternative Certification Programs, and
- Who will take on the mission of service in order to repay their ATSLP obligation.

Service can be accomplished in one of four ways:

- Teach in a low-income public school (sixty percent or more of the students are eligible for free or reduced price lunches),
- Teach in a rural county public school (a public school in this state that is located in a county with a population of less than three hundred thousand persons),
- Teach in an Arizona public school on an Indian reservation, or
- Teach in the fields of Math, Science, or Special Education in a public school in Arizona.

Teacher recruitment and retention contributes significantly to school success and Arizona is struggling in this area. For example, the August 30, 2019 Human Resources Professionals in Arizona Schools Survey¹ data clearly defined critical issues related to teacher shortages and retention. First, 20.78% or 1,443 teacher positions remained vacant a few weeks into the 2019-2020 school year. Even more astonishing, the survey reported that 48.33%, or 3,357 teacher positions were filled by individuals who did not meet standard teaching requirements. Furthermore, the survey indicates that 427 teachers severed their employment as of August 30th.

¹ August 2019. “Human Resources Professionals in Arizona Schools Survey.” Arizona School Personnel Administrators Association.

Additionally, the U.S. Department of Education’s nationwide Teacher Shortage Areas² report indicates that for the 2019-2020 school year Arizona is experiencing a shortage of teachers in the following areas.

Subject Matter	Discipline	Grades
English as a Second Language	Bilingual Education	Pre-K, K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
English as a Second Language	English as a Second Language	Pre-K, K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Language Arts	English	5, 6, 7, 8
Mathematics	Basic and Advanced Mathematics	5, 6, 7, 8
Science	Biological Sciences	9, 10, 11, 12
Science	Chemistry	9, 10, 11, 12
Science	Earth and Space Science	9, 10, 11, 12
Science	General Science	5, 6, 7, 8
Science	General Science	9, 10, 11, 12
Science	Physical Science	9, 10, 11, 12
Science	Physics	9, 10, 11, 12
Social Studies	American Government	9, 10, 11, 12
Social Studies	Government	5, 6, 7, 8
Special Education	Cognitive Disability	Pre-K, K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Special Education	Cross Categorical	Pre-K, K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Special Education	Early Childhood	Pre-K, K, 1, 2, 3
Special Education	Emotionally Disabled	Pre-K, K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
Special Education	Severely and Profoundly Handicapped	Pre-K, K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

The severity of the teacher shortage is clearly illustrated in this data. The shortage of qualified teachers in Arizona’s workforce pipeline negatively affects Arizona’s K-12 students every day.

Unfortunately, the FY 2019 level of appropriations for the ATSLP program will not solve the shortage. In FY 2020, the Commission requested the increase of \$312,400 for a total of \$738,400 in FY 2021. This includes one full time employee at \$60,900 and one computer for \$1,500. The increase in funding will reach an additional 30-40 teachers-in-training annually.

The increase in funding for this program will aid the State in meeting the Governor’s education goals and will contribute to the Achieve60AZ overall goal of 60% of Arizona

² “Teacher Shortage Areas.” U.S. Department of Education. <https://tsa.ed.gov/#/home/>

working adults holding a degree or certificate. The Commissioners and staff are honored to provide financial aid to this cadre of teachers who are critical to the success of the Governor's goal of addressing the growing teacher shortage in our State.

Inactive Student Aid Programs

1.3 Private Postsecondary Education Student Financial Assistance Program (PFAP), A Forgivable Loan – Suspended

The Arizona Private Postsecondary Education Student Financial Assistance (PFAP) program was initiated in the spring of 1996. This student-centered program was designed to encourage Arizona community college graduates with financial need to enroll as a full-time student and complete a baccalaureate degree from a private postsecondary institution; thereby realizing a savings to the State of Arizona. Students who failed to achieve a baccalaureate degree within three years from the first disbursement of funds, or those who did not enroll for a period of time greater than twelve months, entered into a repayment program.

More than 1,600 students have benefited from the PFAP Program since its inception representing a 90% graduation rate. With the average PFAP recipient being 31 years of age, this program was successful at providing financial aid to adult students. However, after several years of repeated reductions, the Private Postsecondary Education Student Financial Assistance Program (PFAP) awarded the last 161 recipients a total of \$275,000 during FY 2010. The program was placed on suspension in FY 2011.

The Commission continues to focus on the remaining 5 promissory note holders who are in repayment. Information on PFAP repayments can be found in section 1.7 titled *Forgivable Student Loan Repayment Programs*.

1.4 Postsecondary Education Grant (PEG) – Ceased

The Postsecondary Education Grant (PEG) program, created in the 2006 legislative session, was a student-centered, non-need based forgivable loan designed to financially support and encourage Arizona resident students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The maximum grant was \$2,000 per year for up to four academic years (eight semesters/terms). These funds could only be used for tuition, books, and fee expenses. Students were required to obtain a bachelor's degree within five years after the first PEG disbursement. If a student did not obtain a bachelor's degree within five years or did not enroll for a period of time greater than twelve months, the grant became a loan that the borrower must repay, and the student entered into a repayment program.

The PEG program was patterned after the successful student-centered Private Postsecondary Education Student Financial Assistance (PFAP) program. Goals for the PEG program included (1) strengthening the private higher education sector, (2) providing cost savings to the State by encouraging residents to attend private colleges and universities over publically funded universities, and (3) increasing the number of

baccalaureate degrees in the State of Arizona, thus increasing the tax revenues from a more readily available educated and higher wage-earning workforce.

In addition to strengthening the private sector of postsecondary education in Arizona, PEG successfully achieved its intended outcome of providing financial aid to adult students, increasing motivation and persistence to complete a baccalaureate degree. The average age of PEG recipients was 28 years.

More than 4,000 recipients benefited from the PEG program during its short existence (FY 2006 – FY 2010). The Commission has confirmed that over 3,300 recipients have already graduated from a private college or university and had their loans forgiven. This represents a remarkable 75% graduation rate for this program. FY 2010 was the last year forgivable loans were awarded in this program. The ACPE awarded 1,400 students for a total of \$2,242,678.

The Commission continues to focus on the remaining 104 promissory note holders who are in repayment. Information on PEG repayments can be found in section 1.7 titled *Forgivable Student Loan Repayment Programs*.

1.4A. Special Postsecondary Education Grant (SPEG), A Forgivable Loan – Ceased

The Special Postsecondary Education Grant (Special PEG) program was created in FY 2013, to financially support and to encourage college students to graduate from a private postsecondary baccalaureate degree-granting institution in Arizona while strengthening the private higher education sector. The maximum grant (forgivable loan) was \$2,000 per year for up to two academic years. Funds could only be used for tuition, books and fee expenses. If a student did not obtain a bachelor's degree within three years or did not enroll, at least half-time, for a period of time greater than twelve months, the grant became a loan that the student must repay.

More than 300 students have benefited from the Special PEG Program since its inception. Special PEG successfully achieved its intended outcome of providing financial aid to adult students and increasing baccalaureate degree completion, as the average recipient age was 32 years. In FY 2014, the Special Postsecondary Education Grant Program (Special PEG) ceased.

1.4B. Private Postsecondary Education Grant (PPEG)

During the 2017 Fifty-Third Legislature, First Regular Session, House Bill 2388 repealed the Private Postsecondary Education Grant (PEG) program and created the Private Postsecondary Education Grant (PPEG). PPEG is a student-centered forgivable loan designed to financially support and encourage Arizona resident students to attend a private postsecondary baccalaureate, certificate, or associate degree granting institution in Arizona.

The PPEG program was patterned after the successful student-centered PEG program. Funds must be used for tuition, books, and fee expenses. Grant recipients must graduate in seven years if completing a baccalaureate degree or four if completing an associate degree; otherwise, the grant recipients must reimburse the Commission the granted funds.

The Commission looks forward to the administration of the PPEG program once funds are appropriated. Currently no funds have been appropriated for PPEG.

1.5 Early Graduation Scholarship Grant – Ceased

The Early Graduation Scholarship Grant (EGSG) was created in 2007. This non-need based college access scholarship was designed to provide an incentive for high school students to graduate early and promptly transition into a postsecondary experience. Students who graduated from a public high school district or charter school at least one year early and enrolled full-time at an eligible Arizona postsecondary institution could receive up to \$2,000 (over two academic years) to be used to defray the cost of tuition, fees and book expenses. The Early Graduation Scholarship was available for three years after graduation. This grant program which rewarded high school students who graduated early was funded through shared revenue with high schools and collaboration with the Arizona Department of Education (ADE).

All students who graduated at least six months early, from public high schools or charter schools, and then immediately enrolled full time at an eligible post-secondary institution in Arizona were eligible to apply for this grant. EGSG funds were available to early graduates to attend over 100 regionally or nationally accredited public/private colleges, universities, community colleges or vocational postsecondary institutions in the State of Arizona. The funds were disbursed over two years and were eligible to be combined with most other merit scholarship awards.

Since the program inception a total of 464 early graduates received awards totaling \$543,212. The program was suspended in FY 2011 and in FY 2013, the Early Graduation Scholarship Grant (EGSG) ceased.

1.6 College Access Challenge Grant Last Stretch Scholarship – Ceased

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

As a need-based scholarship, the CAC Last Stretch Scholarship program was designed to assist low-income college students who have completed over 60 college credit hours to achieve their baccalaureate degree at any regionally or nationally accredited institution. Eligible students were required to have substantial financial need as determined by the Free Application for Federal Student Aid (FAFSA). Students could receive the scholarship

for a maximum of three academic years or until they received their first baccalaureate degree. Funds were limited and awarded on a first-come, first-served basis at the time of application completion. The maximum grant awarded for the academic year was \$2,000 based on full-time enrollment. Scholarship funds could be applied toward any educational expenses documented in the student's Cost of Attendance (COA) at their institution.

More than 1,300 students for a total of \$3,102,000 benefited from the College Access Challenge Last Stretch Scholarship since its inception. In FY 2014, the College Access Challenge Last Stretch Scholarship ceased.

1.7 Forgivable Student Loan Repayment Programs

Currently the Commission administers three repayment programs: (1) the Private Postsecondary Education Student Financial Assistance Program (PFAP); (2) the Postsecondary Education Grant (PEG); and (3) the Arizona Teacher Student Loan Program (ATSLP), formerly the Math, Science and Special Education Teacher Loan Forgiveness Program (MSSE).

The ACPE responsibility for the tracking and collection of forgivable loans has dramatically increased. In FY 2013, the initial group of PEG borrowers entered potential repayment status and the tracking responsibilities for the ATSLP/MSSE program could take up to 15 years to fulfill. The ACPE lost all administrative financial support for the Postsecondary Education Grant Program in FY 2011 concurrently with staff reductions making the task formidable.

The Office of the Attorney General is used by ACPE for collections when normal investigative means to locate the former student are unsuccessful or when grantees have been contacted multiple times and refuse to enter the repayment program. The Attorney General's office performs this service for a variable fee on every dollar collected.

A brief summary of the status of each of the repayment programs administered by the ACPE follows.

The Private Postsecondary Education Student Financial Assistance Program (PFAP), a forgivable loan program, is a need-based program designed to financially support Arizona community college graduates to continue their education at a private postsecondary baccalaureate degree granting institution in Arizona. The program requires that the student achieve a bachelor's degree within three years or they must repay the loan. There have been 1,651 students awarded PFAP forgivable loans since its inception in 1996, and 5 borrowers are currently being tracked in the repayment program, 48 have been referred to the Attorney General and are active.

The Postsecondary Education Grant (PEG), a forgivable loan program created in the 2006 legislative session, is a non-need-based program designed to financially support and encourage students to attend a private postsecondary baccalaureate degree granting institution in Arizona. The program requires that the student achieve a bachelor's degree within five years from the initial disbursement date or they must repay the loan. Since the

program's FY 2007 inception, 4,467 students received the forgivable loan. Of those recipients, 3,351 have graduated with a baccalaureate degree within the required five-year time frame. Of the remaining 1,116 promissory note holders, 95 are in repayment, 684 have been referred to the Attorney General, 36 have been closed by the Attorney General, 13 are deceased, 17 have been forgiven, 262 have paid their grant in full and 9 are in deferment. Promissory note holders who fail to meet the requirements of the forgivable loan must enter into the repayment program.

As previously mentioned, the Arizona Student Teacher Loan Program (ATSLP) formerly Arizona Math, Science and Special Education Teacher Loan Forgiveness Program (MSSE) has added the responsibility of administering an additional forgivable loan program. Moreover, the ACPE acquired responsibility for the required compliance and retention tracking of the 388 students who have been granted ATSLP/MSSE forgivable loans since the program's inception, plus the collection of repayments, including interest, from those who fail to meet the requirements of the program. Of those students, 19 have paid their loan balance in full, 17 are currently in repayment, 25 have been referred to the Attorney General's Office, 123 have completed the 5 year retention tracking and the remaining 204 will require tracking for up to 15 years. The tracking requirements of ATSLP/MSSE students are two-fold: (1) tracking for compliance to meet the promissory note obligation (up to six years) and (2) tracking for an additional five years to determine retention rates. The ATSLP/MSSE program is described in its entirety in section 1.2 of this report.

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

The Arizona Commission for Postsecondary Education (ACPE) is the designated State entity representing Arizona in the National Association of State Student Grant and Aid Programs. As the designated State entity for student financial assistance the ACPE receives all Free Application for Federal Student Aid (FAFSA) data for Arizona residents and houses it in a database within a fully-automated and secure AZGrants student grant portal. Fulfilling several critical needs for the state, the portal:

1. accepts and stores FAFSA data for all Arizona resident filings awaiting use in financial aid administration;
2. provides students and families a user-friendly single approach application for grants, scholarships, and forgivable loans administered by the Commission;
3. ensures security compliance with FERPA and Title IV regulations related to student personal information by allowing for secure transmission and storage of data;
4. provides interface and communication with financial aid staff and academic personnel in more than 100 postsecondary institutions who are required to certify student eligibility factors such as verification of attendance, certification of

Satisfactory Academic Progress (SAP), program of study, and other eligibility requirements;

5. performs back office tasks such as awarding of funds, disbursement of funds, and has the capability of monitoring students through repayment thereby reducing the manual labor necessary for the ACPE to administer student aid programs;
6. provides high schools and counselors with a FERPA secure portal to receive FAFSA Finish Line Reports on individual students' applications;
7. can provide Arizona's educational leaders and policy decision makers "real time" data regarding student demographics, performance, success, and behavioral barriers to continuing their education.

The ACPE is using this secure portal for the Free Application for Federal Student Aid (FAFSA) Completion Initiative and FAFSA Finish Line reports. The portal can provide automation of the following: 1) a search and match for the specific high school senior's application among more than 800,000 Institutional Student Information Records (ISIR) in the Commission's database; 2) extraction of the allowable ISIR information; 3) compilation of specific data elements into reports and unique records; 4) preparation of summary reports for authorized entities; and 5) secure dissemination of these reports. Moreover, a secure web portal is necessary for the high school counselors to submit lists of student information to the Commission for the data match process which results in an output report describing the progress of each student's application and if something is preventing it from moving forward to completion. Participating high schools and districts have signed data sharing agreements with the ACPE and have identified authorized staff members with valid user credentials to access these data reports via the Commission's secure web portal.

The public information pages of the web portal provide important information about additional sources of financial aid beyond state aid; thereby linking students and families to important funding resources. More information about the portal and its use is included in Section 2.2.C of this report.

1.9 Arizona Family College Savings Program (AFCSP)

The AFCSP continues to focus on increasing public awareness on the importance of Arizona families saving for college, through public events, enhanced social media and an enriched web presence. The 529 college savings plans are the single most accessible option for Arizona families to save for college and reduce reliance on student loan debt to finance a postsecondary education.

The Arizona Commission for Postsecondary Education administers the Arizona Family College Savings (529) Program (AFCSP). In 1997, the AFCSP was established as Arizona's qualified tuition program under section 529 of the Internal Revenue Code (also referred to as a QTP or Qualified Tuition Program) and began accepting accounts in 1999. In 2004, State legislation established the Family College Savings Program Trust Fund as

a public instrumentality of the State of Arizona, of which the Arizona Commission for Postsecondary Education acts as its sole Trustee. All AFCSP accounts are held in trust for its participants and beneficiaries.

A state-sponsored 529 plan is a tax-advantaged program intended to help individuals and families pay the cost of higher education. Each state is allowed one qualified tuition program. The AFCSP is designed to encourage savings by allowing 529 plan earnings to grow tax-deferred and distributions to be withdrawn tax-free if used for qualified higher education expenses. Qualified expenses include tuition, supplies, room and board, books, and required equipment at any accredited public or private college/university, community college, proprietary, vocational, career, or technical postsecondary educational institution in the United States as well as eligible foreign institutions.

In August 2006, the Pension Protection Act passed and made permanent the 529 plan provisions allowing federal income tax-free withdrawals from 529 College Savings Plans for qualified higher education expenses. An additional tax benefit was added January 1, 2008, when a state income tax deduction was extended to Arizona residents for up to \$750 per individual or \$1,500 per married couple for annual contributions made to a 529 plan. This incentive was set to expire on December 30, 2012. Fortunately, State legislative action initially extended the tax incentive into perpetuity and subsequent action more than doubled the benefit when the State Legislature increased the state tax deduction to \$2,000 for individuals and up to \$4,000 for married filers, effective January 1, 2013. Compared to other states who offer tax incentives, Arizona's minimal tax incentive amounts are in the fourth quartile. The goal of tax incentives is to encourage more families to participate in college savings. While eighty percent of all student financial aid is provided by the federal government and focused on low-income students, the Arizona 529 program offers an important vehicle for families to save for college expenses and reduce future student loan debt.

The AFCSP was established as a multiple program manager or financial institution plan, ensuring a variety of investment choices for diverse investment needs and risk tolerances of families saving for college. Today, three well-respected financial institutions offer a diverse array of investment options for families saving for college. A brief description of the providers and their investment offerings follows.

AFCSP Investment Offerings³	
College Savings Bank, a Division of NexBank SSB (direct-sold, FDIC Insured)	
<ul style="list-style-type: none"> • Fixed Rate CD: fixed rate CD with principle and interest guaranteed • Honors Savings Account: high yield, tax-advantaged savings account. No fees, no penalties, no fixed term 	
Fidelity Investments (direct-sold)	
<ul style="list-style-type: none"> • Three (3) age-based strategies: actively managed, indexed, and multi-firm portfolios • Six (6) static mutual fund portfolios • Five (5) individual fund portfolios • Bank Deposit Portfolio, FDIC Insured interest-bearing account 	
Waddell & Reed’s Ivy InvestEd 529 Plan (advisor-sold)	
<ul style="list-style-type: none"> • Six (6) Age-Based Portfolios customized based on college time horizon • Six (6) Static Portfolio options in which investor selects risk level: fixed income, income, conservative, balanced, growth or aggressive • Nineteen (19) Individual Fund Portfolios invest in a single mutual fund; including domestic and international equity funds, specialty funds and fixed income funds 	

Critical to the success of the Arizona Family College Savings (529) Program (ASFCP) is the expertise and advice from the AFSCP Oversight Committee. The AFCSP Oversight Committee, as defined by state statute, comprises 10 members with financial, tax and legal expertise. The Oversight Committee’s main responsibility is to make recommendations to the Arizona Commission for Postsecondary Education, the AFCSP Trustee. The Oversight Committee makes recommendations of providers along with reviewing and advising the staff and Trustee regarding investment and operational procedures. In addition, the Oversight Committee is responsible for an extensive annual review of each provider, through both a written report and in-person presentation and interview process. Each of the providers is evaluated on their success in meeting contract identified outcomes. The current roster of the AFCSP Oversight Committee follows.

³ Details of individual offerings can be found at <https://az529.gov>

**Arizona Family College Saving Program Oversight Committee
Member Roster as of June 30, 2019**

Roger D. Curley

Committee Chair
Attorney at Law
Curley & Allison LLP

Jeff Ratje

Associate Vice President, Finance and
Administration
University of Arizona

Fareed Bailey

Director of Legislative Affairs
State Treasurer Office Designee

Michael Rooney

Attorney
Sacks Tierney, PA

Henry DeSpain

Actuary
Matthews, Gold, Kennedy and Snow, Inc.

Mark P. Stein

CFP
Galvin, Gaustad and Stein, LLC

Serida Fong

Development Manager for Corporate Services
Charles Schwab

Sally A. Taylor

CPA, CFP
Director of Financial Planning
Keats Connelly

Dick Luebke, Jr.

State Board for Private Postsecondary
Education Designee

Vacant

Public Member with knowledge, skill
and experience in accounting, risk
management or investment
management or as an actuary

The report titled *Accounts and Assets Under Management* following this section summarizes data as of June 30, 2019 regarding AFCSP funded accounts, Assets Under Management (AUM), as well as the average account balance for each of the three providers.

The table on the following page indicates that as of June 30, 2019, there were 84,324 AFCSP funded accounts. This represents a 3.66% increase in the number of funded accounts since June 30, 2018. The growth in new accounts is driven by both Arizona residents as well as residents of other states, indicating that the AFCSP provides attractive investments to both those inside and outside of Arizona.

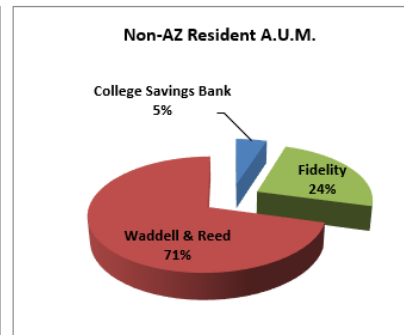
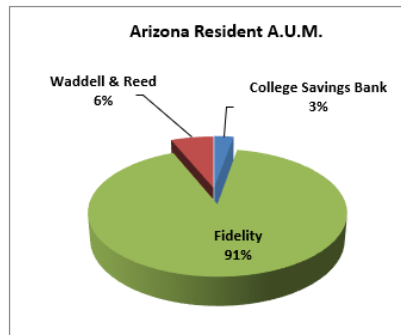
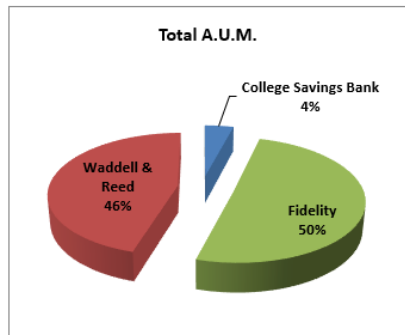
The bar chart in the report titled *Assets Under Management* illustrates the growth of AFCSP Assets Under Management (AUM) by year. Since its launch in 1999, the Arizona 529 Program has grown steadily, with the exception of FY 2008, the height of the Great Recession. As of June 30, 2019, total AUM increased just over \$117 million to \$1,440,684,817 compared to the \$1,323,374,808 under management on June 30, 2018. This 8.9% growth in assets reflects a combination of new money deposited in accounts, as well as investment performance. As the AFCSP continues to mature, more families take advantage of distributions to pay for college expenses. These distributions denote

the success of the Program in helping families meet their postsecondary education financial goals.

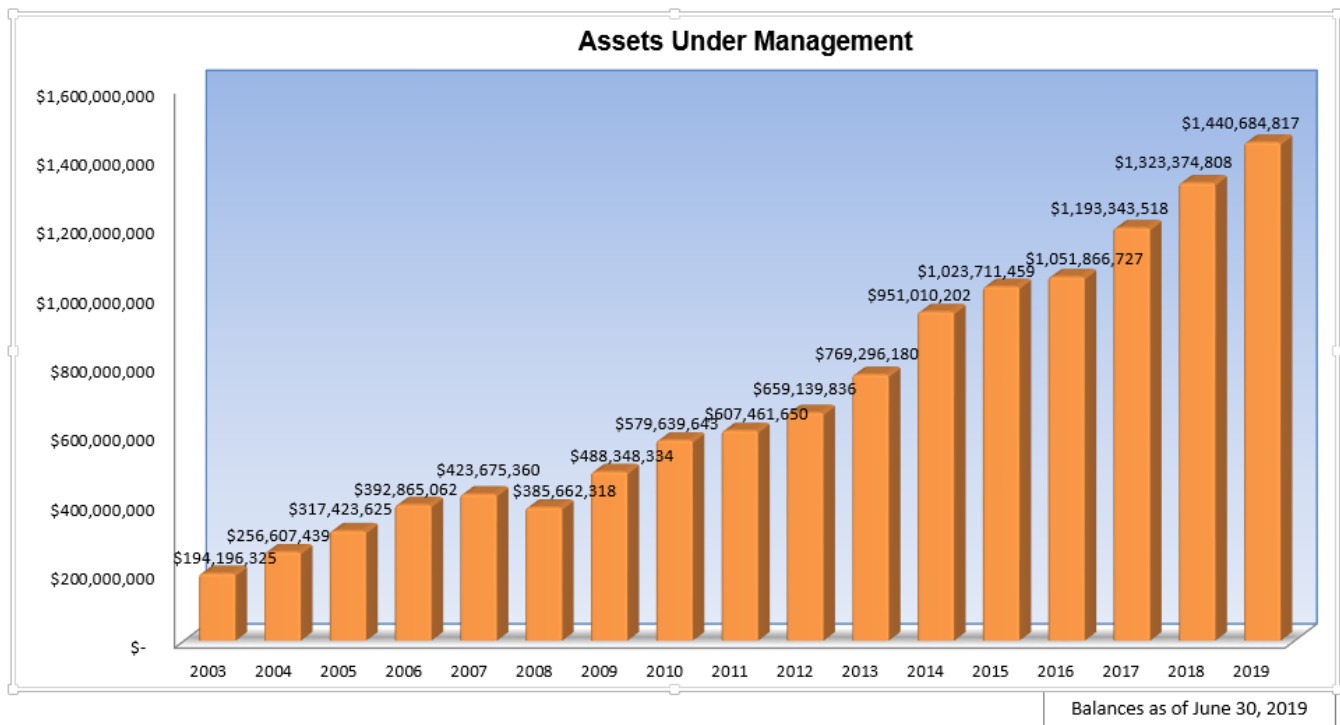
**ARIZONA FAMILY COLLEGE SAVINGS PROGRAM (AFCSP)
Reports as of June 30, 2019
Accounts and Assets Under Management (A.U.M)
As reported by providers**

Program Manager	Total A.U.M.	% of Total A.U.M.	Average Balance	A.U.M. Held by AZ Residents			A.U.M. Held by Non-AZ Residents		
				Total A.U.M.	% of A.U.M. by Provider	% of Total A.U.M.	Total A.U.M.	% of A.U.M. by Provider	% of Total A.U.M.
College Savings Bank	\$ 59,702,915	4%	\$19,117	\$ 16,046,928	27%	3%	\$ 43,655,987	73%	5%
Fidelity	\$ 726,350,268	50%	\$16,964	\$ 513,895,249	71%	91%	\$ 212,455,020	29%	24%
Waddell & Reed	\$ 654,631,633	46%	\$17,055	\$ 35,545,058	5%	6%	\$ 619,086,575	95%	71%
	\$ 1,440,684,817			\$ 565,487,235	39%		\$ 875,197,582	61%	

Program Manager	Total Accounts	% of Total Accounts	Accounts Held by AZ Residents			Accounts Held by Non-AZ Residents		
			Total Accounts	% of Accounts by Provider	% of Total Accounts	Total Accounts	% of Accounts by Provider	% of Total Accounts
College Savings Bank	3,123	3.7%	1,328	43%	3.6%	1,795	57%	3.8%
Fidelity	42,818	50.8%	33,642	79%	90.4%	9,176	21%	19.5%
Waddell & Reed	38,383	45.5%	2,227	6%	6.0%	36,156	94%	76.7%
	84,324		37,197	44%		47,127	56%	



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



The ACPE and its three program providers have taken measures to increase public awareness and increase accessibility of the Program for the benefit of Arizona families. These initiatives included a public awareness campaign promoting saving for college with an AZ 529 Plan during October for Arizona’s College Savings Month, all of November and December for Gift Giving Season, and tips to help children learn to be savers not spenders during Financial Literacy Month in April and the month of May, leading up to 529 Day (5/29/2019). Fidelity Investments continued to promote its Social Gifting platform to current account holders throughout the fiscal year, highlighting traditional gifting opportunities (back to school, holidays, graduation and birthdays). Social Gifting enlists the help of friends and family in making college dreams a reality.

During fiscal year 2019, the Commission continued several Program initiatives for the benefit of Arizona families. These initiatives included: (1) preserving and strengthening long term relationships with all three program providers, (2) a continued focus on working with the providers to reduce plan expenses and offer improved investment options each year, (3) working with the Auditor General’s Office to fulfill Performance Audit follow-up requests, (4) working with the Governor’s office to fill a vacant Oversight Committee position, and (5) maintaining the integrity of the Program by providing continued oversight of the Program including a rigorous Annual Provider Review Process.

Capital Cities, Inc. entered a third year of service as the AFCSP’s independent 529 investment consulting firm. The firm provides expertise, proactive reviews and continuous performance monitoring of three AFCSP program providers in support of the ACPE staff and Oversight Committee. Throughout the year, the firm has expanded the 529 industry knowledge base of the Commissioners and shared industry insights with the Oversight Committee and ACPE staff. The depth of their year-round performance and expense evaluation process spurs each of the program providers to focus on continuous

improvements. Capital Cities is based in Indianapolis, Indiana and has been providing investment consulting expertise in a co-fiduciary capacity for more than 20 years. They currently consult to three other 529 Plans, including Indiana, the District of Columbia, and Rhode Island – representing over \$12 billion in assets and more than 16 years of 529-specific expertise.

FY 2019 concluded the second year of a new investment menu for the Waddell & Reed Ivy InvestEd 529 program. The updated menu included an increased number of Age-Based portfolios and passive index fund options in addition to the advisor sold program's customary actively managed funds. These menu options continue to offer diverse investment options, improved capital preservation, reduced risk for families, and expense ratios lower than 75% of other advisor-sold 529 plans.

Fidelity Investments retained its position as one of the 529 college savings plans recognized by SavingforCollege.com as one of the least expensive direct-sold mutual fund investment offerings available in the industry. Waddell & Reed constantly seeks to improve investment options by reducing expense ratios for account holders each year. College Savings Bank adjusted interest rates on all of its FDIC insured product offerings in line with the Federal Reserve rate increases and decreases, while still preserving its top tier status among FDIC insured 529 products. All Program enhancements are designed to enrich the Arizona Family College Savings Program and ensure it remains a highly desirable plan.

In May 2019, the Office of the Auditor General began an 18-month follow-up process on the 2017 Performance Audit of the Arizona Commission for Postsecondary Education. The Performance Audit provided an evaluation of the Agency's programs and conducted a very thorough review of the Arizona Family College Savings Program. The Auditor General's Office presented one finding and provided five recommendations to further enhance the Arizona Family College Savings Program. The Auditor General stated: "The Commission and Oversight Committee should further strengthen 529 program oversight."

The Auditor General's evaluation concluded that while the Oversight Committee does monitor each provider's performance, it could enhance its annual provider review process in three areas. In addition, the Auditor General also made two recommendations to improve some of the 529 program administrative oversight responsibilities. The Auditor General's Office 18-month review regarding the status of those recommendations is as follows:

- 3 have been implemented;
- 1 is in the process of being implemented; and
- 1 will not be implemented

In conclusion, this June 30, 2019 summary reflects continued account growth and positive market performance. Plan assets increased through both new plan accounts opened, regular and continuous deposits from current account holders, and steady investment gains in this slow growth economy. Both Fidelity Investments and Waddell & Reed have continued to drive down expense ratios while further strengthening their 529 plans. In

addition, College Savings Bank still offers the highest interest rates in the 529 industry in the category of certificates of deposit and high-yield savings accounts. The AFCSP also benefits from recent Oversight Committee appointments, positioning the committee to effectively oversee the program well into the future. Most importantly, the number of Arizona families who recognize the importance of saving for college continues to grow as they look for ways to reduce their dependence on student loans.

The AFCSP Oversight Committee and the Commissioners who serve as Trustees continue to identify improvements and initiatives that will lead to the AFSCP mission of *assisting Arizona families to financially prepare for postsecondary education by providing quality college savings choices*. The Arizona Family College Savings Program's Annual Report will be issued in March and provides an analysis by calendar year. For a copy, please visit <https://highered.az.gov/>.

Goal 2: Provide support from knowledgeable professionals and accurate and timely information to help students and families take steps to enroll, finance, and succeed in postsecondary education

The Commission is committed to aiding the Governor and the state in achieving the important priorities of equal access to education, growing the economy, and eliminating the achievement gap experienced by low-income and minority students.

We join our education and business colleagues in seeking to increase to 60% the percentage of working-age adults who hold a degree or professional certificate through the Achieve60AZ Alliance. The state has several pools of residents who could bring us closer to this number. For example, research indicates that almost every parent holds the dream of college attendance for their child. Yet, only 52.6% of Arizona seniors from the class of 2017 enrolled in postsecondary education. Moreover, only 27.3% of the 2011 senior class have graduated from a two-year or four-year postsecondary institution (National Student Clearing House data on ABOR website).

Today, only 44% of Arizonans have completed some form of postsecondary education. Yet in the next five years, 70% of jobs will require some form of postsecondary education. Workforce data shows that large numbers of Arizona adults are under-employed and seeking higher education for personal/professional development. Surprisingly, twenty-six percent of Arizona adults, according to 2010 census data, have earned some college credit yet do not hold a degree. It is the potential within these statistics that propels the Arizona Commission for Postsecondary Education to engage in leading, strengthening, and supporting college access and success initiatives for both high school students and adults.

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

First, the Commission provides current and relevant information for college planning and decision-making to students and their families. The *Arizona College & Career Guide*, a digital publication, provides college-going information for students and the general public seeking to plan their path to a postsecondary education. The Commission also hosts multiple websites which attracted 240,861 unique visits in FY 2019. Online information is especially attractive to the adult learner. Each website is designed to provide specific and timely college-going information to the public including financial aid literacy, FAFSA completion, and a web-based compilation of postsecondary education opportunities statewide.

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

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

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

College and Career Goal Arizona (C²GA) is a statewide initiative coordinated by the Arizona Commission for Postsecondary Education that promotes partnerships among high schools and postsecondary institutions statewide. The purpose is to implement strategies designed to help seniors and their families complete the two most critical applications for their future.

College and Career Goal Arizona has three goals:

1. every eligible senior completes at least one postsecondary education application,
2. every senior files, on time, a Free Application for Federal Student Aid (FAFSA), and
3. every senior attends a high school which provides a college-going community.

This approach works because high schools across the state are stepping up to advise and guide seniors and their families through the challenging milieu of decisions and

timelines related to college and financial aid applications. High schools are building a college-going community where staff led a cohort approach among peers supporting first-generation and low-income students as they take the steps to enroll in college or some form of postsecondary education.

2.1A The Arizona College Application Campaign (AzCAC)

The Arizona College Application Campaign (AzCAC) is a statewide initiative with three main goals: (1) increase the number of low-income students who apply to at least one postsecondary education opportunity during their senior year in high school, (2) support and enhance existing high school efforts that encourage all students to have a postsecondary plan and take timely steps toward postsecondary education opportunities and success, and (3) contribute to a college-going community within and among the school staff, the student body and their families, and the community. The campaign is inclusive of all sectors of public and private postsecondary education, with the objective of fostering a statewide effort that expands students' postsecondary education or training opportunities leading to a certificate, associate, or baccalaureate degree.

The first College Application Campaign began in 2005 in North Carolina as a pilot effort at a single high school. Since then, many other states have initiated College Application Campaigns to meet the needs of their respective states' goals to increase the percentage of first-generation and low-income students who pursue a postsecondary education. Arizona was encouraged to take part in the College Application Campaign initiative by Lumina Foundation and the American Council on Education.

Following a brief pilot by the three public universities in 2012, the Arizona Commission for Postsecondary Education (ACPE) was asked to assume leadership for the Campaign going forward. In 2013, the Commission piloted AzCAC with eight partner high schools with a data collection component for ongoing program evaluation. The Commission established an Advisory Committee for the initiative comprising stakeholders across the state including representation from the Governor's Office, Arizona Board of Regents, Arizona Department of Education, public and private universities, community colleges, businesses, and college access professionals.

All agreed that the goal would be to increase the number of students statewide who submit applications for postsecondary education in the fall of their senior year. In addition, success would be measured by:

1. The number of student reported FIRST applications submitted and the number of total applications submitted to date as compared to previous years.
2. The number of students matriculating in the summer, fall, or spring semester/quarter following their participation in the campaign as compared to the number of students matriculating in previous years.

The fall 2018 campaign was very successful. Seventy high schools serving 21,661 seniors participated in College Application Campaign with the goal of 100% of their senior classes completing an application to at least one postsecondary institution. Eighty-one percent were Title I high schools. Additionally, high schools agreed to maximize student participation and school-wide engagement by staging AzCAC events on school grounds, during the school day. A total of 7,198 applications were filed during the AzCAC events and remarkably, 2,958 or 25% of these students filed an application for the FIRST time during the event.

The Commission continues to promote the College Application Campaign on the College and Career Goal Arizona website developed in June of 2014. The website received 28,220 unique visits from July 1, 2018 to June 30, 2019.

Similar evaluations and planning were used to prepare for and implement the 2018 campaign. The outcomes and the data were presented to the Advisory Committee on March 1, 2019 for review and input. The Commission is currently seeking outside funding to continue this intensive and highly valuable work for 2019 and beyond.

2.1B College Goal FAFSA Completion Initiative

Arizona's College Goal FAFSA (CG FAFSA) Initiative is a sponsorship and grant-funded statewide program that provides free information and professional assistance to Arizona students and families seeking student financial aid for postsecondary education experiences. The Arizona Commission for Postsecondary Education has planned and coordinated the initiative for the past 23 years. The mission of the CG FAFSA Initiative is to increase the number of under-served and first-generation students entering postsecondary education.

The goals of the College Goal FAFSA Initiative are to:

1. provide high school staff, site coordinators and volunteers with online resources and interactive training to host successful Free Application for Federal Student Aid (FAFSA) completion workshops,
2. support high schools as they work with families to assist all high school seniors to complete a FAFSA on time,
3. support community partners and postsecondary institutions who help prospective, current or returning students in their community to complete the FAFSA on time, and
4. maintain online resources for students, families, and the public to access accurate and timely information regarding financial aid and financial aid processes.

All of these efforts are undertaken using no general funds. As the host of the initiative, the Commission secures grants and sponsorships to fund the activities and provides the leadership to implement the campaign events. Long standing partnerships developed by

the Commission with the Arizona Association of Student Financial Aid Administrators (AASFAA), the Arizona College Access Network (AzCAN), the Arizona Department of Education (ADE), and the Arizona School Counselors Association (AzSCA) have proven to be great assets in this work.

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

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

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

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

The Commission promotes financial literacy providing accurate and timely information related to financial aid on both the College and Career Goal Arizona (C²GA) and AZGrants websites. Guidance on how to complete the FAFSA is provided on the College Goal FAFSA website to help students and their families who could not attend an in-person event. In 2012, the Commission added a social media (Facebook) component to the financial literacy campaign. Social media is one of the best ways to reach high school seniors. At the end of FY 2019, the College Goal Arizona Facebook page had 1,092 followers and received 1,106 “likes.”

2.1.B2. College Goal FAFSA (CG FAFSA) Community Workshops

Each year, in-person FAFSA completion workshops are offered at various locations around the state in partnership with postsecondary institutions and the Arizona Association of Student Financial Aid Administrators (AASFAA). College Goal FAFSA workshops are supported by more than 260 volunteer financial aid professionals and community members from Arizona’s colleges, universities, high schools, non-profit

organizations, and members of the Arizona College Access Network (AzCAN). Between October 2018 and March of 2019, 7 community-based locations across the state offered College Goal FAFSA workshops and provided assistance to returning adult students, high school seniors, and parents to complete the online FAFSA form. Over 500 participants attended these community workshops to get FAFSA help and learn about the financial aid process.

2.1.B3. College Goal FAFSA (CG FAFSA) High School Workshops

The CG FAFSA initiative continued its evolution in FY 2019 and grew the number of participating high schools to 96, up from 71 in the prior year. Resulting in a 35% growth in the number of participating CG FAFSA high schools. The incorporation of more high schools is seen as a positive move by the Commission. By holding workshops at high schools where students and families feel most comfortable, financial aid and higher education professionals will be better able to assist under-served and first-generation students seeking access to postsecondary education.

Both community and high school FAFSA completion workshops are offered in partnership with the Arizona Association of Student Financial Aid Administrators (AASFAA). At the high school workshops counselors, staff, and volunteer financial aid professionals from Arizona's colleges and universities mobilized to assist high school seniors and their parents in completing the online FAFSA form and to learn about financial aid processes. Over 8,600 students and families attended the 2018-19 high school workshops.

2.1.B4. FAFSA Finish Line Project

The Arizona Commission for Postsecondary Education was identified as the entity to lead the Free Application for Federal Student Aid (FAFSA) Completion Initiative in Arizona, inclusive of FAFSA Finish Line reports. Through this Federal initiative the U.S. Department of Education permits the Commission to disclose limited information about individual students' FAFSA application status to authorized high school and district personnel, empowering high school personnel to provide help for a student to complete their FAFSA.

The Commission is the State repository for all FAFSA's filed by Arizona residents. Through a data sharing agreement between the Commission and the school or district, weekly updated reports describing the status of a high school senior's FAFSA application can be accessed by staff prepared to assist the student in completing the application.

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

By the end of FY 2019, 202 high schools had submitted the required data sharing agreement. Seventy-four high schools actively participated, in the FAFSA Finish Line campaign. The data enabled staff to target their limited time and resources, resulting in

39% of their seniors completing a FAFSA. The Commission and high schools partnering in the FAFSA Completion Initiative learned two important lessons: 1) that training of counselors/staff in reading and acting upon status reports is critical to success, and 2) that students should submit a FAFSA as early in their senior year as possible. The Commission currently is working with more than 164 high schools, 30 districts, and 7 designated entities for this next round of FAFSA applications.

2.1.B5. Arizona FAFSA Challenge

The Arizona FAFSA Challenge is a statewide initiative designed to increase the Free Application for Federal Student Aid (FAFSA) completion rates among Arizona high school seniors. The goal is to develop a statewide college-going initiative that will result in an educated workforce to serve a growing Arizona economy. The goal for the 2019-2020 school year is to achieve a 52% FAFSA completion rate. In order to contribute to the state goal, high schools are encouraged to increase their senior cohort FAFSA completion rate by 5% over the prior year. The State intends to gradually increase the goal to a 78% FAFSA completion rate by year 2030 in order to support Achieve60AZ target of 60% of Arizonans in the workforce holding a certificate or degree.

In the 2018-2019 school year, the Arizona FAFSA Challenge set a 50% FAFSA completion goal for the state. Arizona ended up with a 47% FAFSA completion rate, which resulted in a 4% increase from the previous year (2017-2018). In addition, 77 Arizona high schools increased their FAFSA completion rate compared to the previous year by 5% or more. The Arizona FAFSA Challenge also awarded 6 high schools throughout Arizona for leading the state in FAFSA completion and an additional 15 high schools for their work in promoting FAFSA completion among their high school seniors.

The Arizona FAFSA Challenge also collaborated with The Valley Leadership Education Impact team to support FAFSA completion in the state. The collaboration included the development of an online FAFSA toolkit that includes various FAFSA resources for counselors, students, and parents. The FAFSA toolkit, found at www.AZFAFSAtoolkit.com, contains over fifty individual FAFSA handouts, training videos, and website links to assist with FAFSA completion. In addition, a printed version of a FAFSA playbook, which is geared towards high school administration and legislative officials to raise awareness about the importance of FAFSA completion and its impact it has on a student's postsecondary success. <http://bit.ly/2R57JyW>

2.2 Provide Current and Relevant Web- and Print-Based Information on College-Going and Financial Assistance for Families and Students

2.2A The Arizona College and Career Guide (ACCG)

The *Arizona College & Career Guide* (ACCG) lists all Arizona public and private postsecondary institutions including proprietary, vocational, and career schools. This document is a one-stop source for information on Arizona postsecondary institutions' accreditations, course offerings, length of study, costs to attend, financial aid programs available, and the institution's website. This publication is widely used by high school

counselors, Workforce Connections personnel, DES, college access programs, and the information seeking public. The ACPE has compiled and disseminated this publication since 1975 in print and online.

In previous years, emphasis had been put on marketing and distributing the ACCG to Title I high schools. In addition to the Title I high schools, GEAR UP, Workforce Connections, Vocational Rehabilitation offices, Tribal Vocational/Education offices, and Correctional Institutions also received the *Arizona College and Career Guide* free of charge to use with their students and clients.

Now, in keeping with today's communication trends, the *Arizona College and Career Guide* is only available as a digital publication and is no longer being offered as a printed hard copy. The online version can be found on the Commission's website, www.highered.az.gov, and had a total of 1,377 unique visits for FY 2019. The Commission staff is working on a communications plan to inform the public about the location and value of this document.

2.2B HigherEd.az.gov: Arizona Commission for Postsecondary Education

This website serves as a resource for links to information about educational agencies and institutions, financial aid, college savings programs, and a myriad of local and national resources for parents, students, and the public seeking sources of information regarding higher education. It is the portal through which the public can easily access the information in the ACCG, the Arizona 529 Plan, AMEPAC reports, Arizona grants, and College and Career Goal Arizona programs. Information regarding the Commission, AMEPAC, and Arizona Family College Savings Program Oversight Committee public meetings are also located on this site. The website received 62,912 unique visits during FY 2019.

2.2C AZgrants.az.gov: One Secure Portal to Access All Arizona Student Grants, Scholarships, Forgivable Loans, and Financial Aid Resources

The AZGrants website is located at www.AZgrants.az.gov. This website is an easy to use, single secure portal, for students to access information. Since 2006, there have been 8 different grants and their awards supported by this portal. During FY 2019, the website received 59,039 unique visits.

The portal fulfills several critical needs:

1. accepts and stores ISIR data (approximately 800,000 annually);
2. provides a user-friendly application for all grants, scholarships, and forgivable loans administered by the Commission;
3. ensures security compliance with FERPA and Title IV regulations:

4. provides a communication mechanism and data interface with financial aid staff and academic personnel at more than 100 postsecondary institutions;
5. performs back office tasks such as awarding, disbursing of funds and monitoring students in repayment;
6. provides a secure portal to receive and disseminate reports;
7. provides real time data regarding student demographics, performance, success, and behavioral barriers to degree completion.

A recent and important function added to the www.AZGrants.az.gov website has been the use of the secure portal to compile and disseminate FAFSA Finish Line reports to high schools. More information can be found in Section 1.8 and 2.1.B4 regarding the FAFSA Finish Line Project which is now part of College and Career Goal Arizona.

2.2D Pay4CollegeArizona

Pay4CollegeArizona is located under the umbrella site, www.collegegoal.az.gov. Pay4CollegeArizona provides accurate and timely resources on how to financially prepare for college using current and relevant information on topics such as scholarships, using credit wisely, how to prevent identity theft, and much more. During FY 2019, this site received 4,794 unique visits.

2.2E College Goal FAFSA

College Goal FAFSA is located under the umbrella site <https://collegegoal.az.gov>. College Goal FAFSA, provides accurate and timely information related to completing the FAFSA, as well as financial literacy information. This portal provides handouts, marketing materials, and FAFSA training webinars for College Goal FAFSA site coordinators hosting in-person workshops. Also, students and their families, who could not attend an in-person workshop, can find line-by-line instructions on how to complete the FAFSA in addition to other financial literacy handouts, including steps to take after completing the FAFSA. During FY 2019, this site received 9,903 unique visits.

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

The Arizona Family College Savings Program website, www.az529.gov, provides parents, grandparents and families with information regarding college savings plans established by IRS Code Section 529, which includes information specific to the Arizona Family College Savings Program. The Commission launched a redesigned website in June 2019. This website provides help for middle class families as they prepare to bear the costs of college for themselves and/or their children. Here, parents and other family members can learn about tax-advantaged ways to save for a college education.

Especially popular on this website, and also available in print, is the College Savings Planner which provides information on the college costs for different types of colleges

and universities, as well as the various forms of financial aid available. The 529 website also provides information on when to begin saving for college, an interactive college Savings Calculator tool, and compares various tax-advantaged college savings options. In 2019, the Commission continued to build public awareness, encouraging families to visit AZ529.gov to learn more about the Arizona's College Savings Program through a series of radio and television interviews and also via public information sharing events throughout the year. The Commission reached an estimated 638,000 Arizona residents by leveraging these information channels to promote financial literacy and the value of saving for college during Financial Literacy Month in April, promoting 529 Day in May, celebrating College Savings Month during October, and sharing the gift of education in November and December. This website received 65,807 unique visits between July 2018 and June 2019, averaging almost 5,500 visitors each month. The Arizona 529 Program continues to increase public awareness efforts through organic social media growth and public relations efforts which resulted in 6,652 Facebook followers and 6,770 likes as of June 30, 2019.

2.2G FAFSAChallenge.az.gov

Extensive research regarding website development and design was conducted to create a user friendly website to promote the Arizona FAF\$A Challenge initiative and create a centralized platform where school staff, administrators, students, and the general public can learn about the program. In addition to promoting the website, it was vital to incorporate resources such as FAFSA trainings, handouts and helpful sites for those who are supporting the initiative. The Arizona FAF\$A Challenge project manager collaborated with ADOA - Arizona Strategic Enterprise Technology (ASET) Office to develop the site, house the website on its server and provide a website domain name to access the site (FAFSACChallenge.az.gov).

Research was also conducted on various software technology to build a statewide dashboard that would track the FAFSA completion rates for Arizona high schools. The dashboard displays individual high school, district, county and statewide FAFSA completion rates. The website and dashboard were launched to the public on September 21, 2018. The website and dashboard have proven to be a useful resource for all stakeholders involved with the project. During its inaugural year the FAFSA Challenge website received 19,557 unique visits.

2.2H Arizona Minority Education Policy Analysis Center (AMEPAC): Research and Policy Analysis Reports

The Arizona Minority Education Policy Analysis Center website, <https://highered.az.gov/amepac>, currently showcases the policy analysis studies and current research reports commissioned by AMEPAC and the Commission. These studies and reports can be downloaded from this site. AMEPAC research is discussed under Goal 3. During FY 2019, this site received 3,949 unique visits

2.2I Leveraging Media: Phoenix Magazine Higher Education Section

The Commission staff seeks ways to promote college going and provide critical information to the public about the opportunities presented through Arizona's higher education system. For more than a decade, ACPE has provided editorial direction for the *Phoenix Magazine* special higher education section published in the magazine's August edition. This opportunity provides information for families across the state to learn more about higher education by featuring articles about the innovative programs and degrees offered throughout Arizona. *Phoenix Magazine* reaches over an estimated 350,000 monthly total readership. This collaboration was not initiated in 2018-2019.

Goal 3: Provide a forum where all sectors of postsecondary education dialogue, partner, and problem solve issues of mutual interest

The Arizona Commission for Postsecondary Education provides a unique statewide forum where senior level representatives from universities, community colleges, independent colleges, and private training and career colleges assemble to identify mutual opportunities and problems in postsecondary education. In addition to the postsecondary membership, two superintendents of school districts and a CEO of a charter school provide insight about transition into, preparation for, and awareness of postsecondary education opportunities from the K-12 perspective.

Issues arise from discussion among Commissioners, policy makers, and business leaders at ACPE meetings and events that warrant further investigation and policy analysis. Issues that have been identified as important include the achievement gap for minority populations, low-income, and first generation individuals in accessing and succeeding in postsecondary education; low high school completion rates; barriers to student advancement among the segments of Arizona's higher education system toward a baccalaureate degree; and reduction or elimination of the financial barriers experienced by students and their families to postsecondary education.

Two strategies have been identified to meet Goal 3. The first is to raise awareness and develop a knowledge base for solutions through policy analysis and commissioned research studies. The second strategy is to establish, lead, or participate in collaborative action groups or task forces, informed by research, to plan strategies to develop opportunities or solve problems identified by the Commission.

3.1 Arizona Minority Education Policy Analysis Center (AMEPAC)

The mission of the Arizona Minority Education Policy Analysis Center (AMEPAC) is to stimulate through studies, statewide discussion, and debate improvement of Arizona minority students' early awareness, access and achievement throughout all sectors of education. AMEPAC is funded through donations from postsecondary institutions and non-profit organizations committed to its mission. Since 1996, AMEPAC has addressed numerous issues affecting minority access to and achievement in higher education. Results of this policy analysis are published (print and web-based) research papers and

the initiation of forums or task forces to consider pressing issues related to the mission. Research can be viewed at www.highered.az.gov/amepac.

In 2019, AMEPAC continued work toward its strategic plan of conducting policy research and analysis and promotion of public discourse through its research by publishing and distributing Arizona's first research paper on developmental education. The report, titled Developmental Education in Arizona: Past Results, Present Initiatives, and Future Progress, was completed in June 2018 by authors Jeff Thies, Nicola Richmond, Maria Vasilieva, and Ozlem Karcia of Pima Community College. A statewide distribution plan for the paper has been developed and is underway.

AMEPAC has now started work on the 8th Edition of the Arizona Student Minority Progress Report. This report provides not only a snapshot of Arizona's educational achievement with the most recent data available, but also includes trend analysis, county data, graduate program data and policy recommendations. Earlier iterations of this study were issued in 2003, 2005, 2007, 2009, 2013, 2016, and 2018. Currently, AMEPAC is considering a partnership with Arizona State University's Decision Center for Education Excellence and Arizona State University's Decision Theater for the next iteration of the report.

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

The Commission is now working to plan the 14th Developing Arizona's Human Capital Conference, which is set to be held on April 24, 2020 at Desert Willow Conference Center. The theme is Education that Works for Arizona and the conference will focus on aligning Arizona's workforce and education systems. Models of successful education/industry partnerships and support organizations that address Achieve60AZ's Workforce and Business Development Goal 3: *Developing and expanding partnerships between industry and educational providers to align current and future workforce needs* will be featured. The conference intends to draw an audience of workforce and economic developers, employers, community leaders, postsecondary educators, human resource specialists, business and industry partners, representatives of high schools, CTE, universities, community and technical colleges, adult education and literacy programs, state and local workforce development, youth program specialists, vocational rehabilitation, reentry programs, chambers of commerce, industry associations, and more.

The Pathways to Postsecondary Education Awards will also be presented at the conference. These awards recognize successful college access programs across the State. These programs assist students and their families as they prepare for, transition to or succeed in postsecondary education. The awards not only honor the outstanding programs, but recognize the good work being done in college access.

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

Collaboration and partnerships such as the Achieve60AZ Alliance are a critical component of the work of the Arizona Commission for Postsecondary Education. Shared efforts allow the important agenda of postsecondary education access and success to move forward without duplication and with efficiency. At times the Commission itself identifies issues or barriers for students that warrant investigation. For example, in April of 2014, the lack of student financial aid became such a topic and the Commission formed a Student Financial Aid Task Force calling together key stakeholders. The group met and identified a mission of raising awareness of and support for solutions to financial barriers to postsecondary education access and attainment for low-income students.

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

All initiatives led by ACPE staff and Commissioners as described in Goals 2 and 3 rely on partnerships and collaboration both for funding and execution. These initiatives include the Arizona College Application Campaign, College Goal FAFSA Completion Initiative, the Arizona FAFSA Challenge, the Arizona Minority Education Policy Analysis Center, the Developing Arizona's Human Capital Conference, and Pathways to Postsecondary Education Awards.

Each of these programs, resources, and college awareness publications are offered at no expense to the State, but rather are sponsored through grants, collaboration, or sales. For example, College Goal FAFSA benefits from in-kind assistance received from partners such as the public universities, community colleges, high schools, guidance counselors, Arizona Associate of Student Financial Aid Administrators, and Work Force Connections. These partnerships provided more than 260 financial aid professionals and community members from Arizona's colleges, universities, high schools, non-profit organizations, and members of the Arizona College Access Network (AzCAN) to help families complete the FAFSA.

To meet the goals of the state, the Arizona Commission for Postsecondary Education also supports other Arizona wide initiatives. In FY 2019, the ACPE Executive Director participated on the Expect More Arizona Public Engagement Task Force, College Success Arizona's Advisory Committee, the Arizona Business and Education Coalition, and ADE's Arizona Career Leadership Network.

In 2013, the Commission accepted the leadership role for the Arizona College Application Campaign (AzCAC). In 2014, the ACPE staff took on the FAFSA Data Sharing Project. The ACPE also restructured College Goal Sunday into the College Goal FAFSA Completion Initiative with the intention of developing a successful collaboration between the community, Arizona high schools, high school seniors and their families, and postsecondary education institutions across all sectors.

The goal of this collaboration is to increase the number of Arizona Seniors who apply for, enroll, and succeed in their postsecondary education goals. Expansion of College Goal FAFSA Community Workshops rely on partnerships with the Arizona Association of

Student Financial Aid Administrators and Arizona postsecondary institutions. These partnerships aid individuals of all ages to complete the FAFSA at locations across the state. Additionally, a renewed statewide collaboration has been established through the good work of Arizona GEAR UP in the form of a 7-year federal grant with nearly identical outcome goals. Together, the work of GEAR UP, College Success Arizona, Helios, Be A Leader Foundation, Achieve60AZ, and many more holds the power to grow Arizona's supportive college-going communities.

Progress of ACPE 2017 Performance and Sunset Review

The Office of the Auditor General initiated a performance audit and sunset review of the Arizona Commission for Postsecondary Education in October 2016. This audit was conducted as part of the sunset review process prescribed in Arizona Revised Statutes (A.R.S.) §41-2951 et seq. and resulted in a report published in December of 2017. The audit addressed the Commission's oversight of the Arizona Family College Savings Program (529 program), and the Commission's safeguarding of confidential and sensitive information. It also included responses to the statutory sunset factors.

In May 2019, the 18 month follow-up of the December report was initiated. The implementation status of the 28 audit recommendations (including sub-parts of the recommendations) presented in the performance audit were as follows:

- 16 have been implemented;
- 1 has been implemented in a different manner;
- 10 are in the process of being implemented; and
- 1 has not been implemented.

The findings related to the Arizona Family College Savings Program (AFCSP) are described in section 1.9 Arizona Family College Savings Program (AFCSP). The Auditor General will conduct a 24-month follow-up with the Commission on the status of the recommendations that have not yet been implemented.

The sunset review process provides a system for the legislature to evaluate the need to continue the existence of state agencies. During the sunset review process the House and Senate Committees of Reference meet to receive materials, testimony, and make a recommendation to continue, revise, consolidate, or terminate the agency. The continuation hearing for the ACPE took place during the 54th Legislature - First Regular Session. SB 1021 passed both the Senate and the House continuing the Commission through July 1, 2027.

Conclusion

This report reflects the FY 2019 outcomes of the strategic plan initiated by ACPE Commissioners. It also outlines the limitations posed due to the budget reductions for achieving the goals and statutory responsibilities.

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

The goal of maximizing available student financial resources has been severely impacted due to the ACPE general funds reduction of 80% and the elimination of federal LEAP, and SLEAP grant funding. An additional loss was that of the last two of five years funding through the College Access Challenge Grant by the state due to a failure to meet the Maintenance of Effort requirement when the Governor’s Office request for a waiver was denied. Just under \$3 million was lost in both 2015 and 2016, including \$1 million dollars for each of those two years dedicated to student scholarships. Since FY 2010, student financial aid has been reduced by \$4.1 million. The table below represents the student aid disbursed by the ACPE in FY 2012 through FY 2019.

Historical Review of ACPE Student Aid Programs

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019
Total Aid Disbursed	\$ 3,511,920	\$ 4,178,488	\$ 3,521,142	\$ 2,484,619	\$ 2,483,125	\$ 2,488,151	\$ 2,612,217	\$ 2,731,125
% Decrease compared to FY 2008	-53%	-45%	-53%	-67%	-67%	-67%	-65%	-64%

The loss of grant dollars illustrated in the *Historical Review* affects the lives of nearly 20,000 students annually who one decade before would have applied to the ACPE for grants/scholarships and received funding. Further evidence of the need for these funds is demonstrated by ACPE closing out FY 2010 with a waiting list of an additional 8,799 students who applied for funds and received none. It is for this reason the Commissioners urge the ATSLP funding request to be received favorably and allow for an additional funding for 30-40 service oriented teachers.

In contrast, the Arizona Family College (529) Savings Plan continues to grow and achieve success under the oversight and administration of the Commission. This past year, the program was rated four out of five graduation caps by Savingforcollege.com. Moreover, the program includes attractive conservative FDIC insured investment options, as well as mutual funds. As of June 30, 2019, total assets under management (AUM) increased just over \$117 million to \$1,440,684,817 compared to the \$1,323,374,808 under management on June 30, 2018.

Under Goal 2, the Commission implements strategies to help students and their families enroll, finance, and succeed in postsecondary education. By coordinating the College Goal FAF\$A Completion Initiative, leading the Arizona College Application Campaign, and introducing to Arizona the value of the College FAF\$A Finish Line reports, the Commission seeks to provide knowledgeable adult professionals at critical transition points to guide vulnerable prospective students through the transition into postsecondary education. In addition, the Governor’s FAF\$A Challenge is designed to increase the

number of completed FAFSAs statewide and links this to an educated workforce through the Achieve60AZ Alliance. Likewise, the Commission provides relevant and timely print and web-based information free of charge to Arizona families. Printed documents are supplied to more than 1,000 schools, communities, and college access programs annually and 240,861 unique visits are made to ACPE informational websites each year. No general funds are used to support these programs; funds come from fees, grants, donations and sponsorships.

Finally, the forum provided by the Arizona Commission for Postsecondary Education promotes dialogue and identification of common issues among all sectors of higher education. The Commission seeks venues to spawn dialogue, partnerships, and solutions to issues of mutual interest across sectors of postsecondary education. These goals are supported through policy analysis and research, collaborative action led by ACPE staff, and collaborative participation in college access initiatives which are offered by foundations, government, businesses, or non-profit entities with similar goals.

A single Decision Package has been submitted by the Commission with the FY 2021 Budget Request. This Decision Package is designed to advance educational equity and to diminish the achievement gap experienced by low-income and minority students.

Issue 1: Arizona Teacher Student Loan Program (Formerly the Math, Science, and Special Education Teacher Loan Forgiveness Program) – \$312,400

- This program attracts quality students into teaching preparation programs who will take on the mission of service in order to repay their loan obligation through teaching in high-need subject areas (math, science, and special education) or teaching in low-income, rural or tribal schools.

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