

State of Alaska FY2005 Governor's Operating Budget

Department of Education and Early Development Program Administration & Operations Component Budget Summary

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Component: Program Administration & Operations

Contribution to Department's Mission

ACPE's mission is to promote, support, and provide access to postsecondary education in Alaska and for Alaskans.

Core Services

The Alaska Commission on Postsecondary Education (ACPE/Commission) was created and has been charged by the Alaska Legislature with the following mission: To promote, support, and provide access to postsecondary education for Alaskans and in Alaska.

ACPE carries out this mission by delivering core services to:

- Provide student financial aid for postsecondary education and training
- Promote postsecondary education participation in Alaska
- Protect consumers through institutional authorization and consumer complaint investigation

Under agreement with the Alaska Student Loan Corporation (ASLC or Corporation), the Commission had developed and administers the AlaskAdvantage Programs as well as other occupational area-specific education loan programs.

ACPE has also developed and delivers early awareness and outreach products and services intended to increase Alaskans' awareness of the importance of academic and financial planning to insure both access and success in postsecondary education. ACPE is increasing its activities to make state residents aware that postsecondary education is possible for all Alaskans--regardless of their economic or social status. One of the agency goals is to provide Alaskans with the tools and information to make sound postsecondary education/training investments and decisions by developing an electronic resource of education/training/labor information. This developing resource for all Alaskans expands ACPE's communication to not only students but also to parents, families, policymakers, professional colleagues, communities, and co-workers.

ACPE also monitors postsecondary educational opportunities both in and outside Alaska and provides Alaskan education consumers with information on these opportunities on a regular basis. Except for certain exempt institutions, ACPE is the regulatory agency for all postsecondary schools that operate in the state. The Commission emphasizes quality in postsecondary education and training to ensure value for Alaskans in their pursuit of lifelong learning. This emphasis is essential to provide education consumer protection in Alaska.

Core Services Detail

This RDU administers and services the following state/federal financial aid programs:

- 1) AlaskAdvantage™ Federal Education Loans;
- 2) AlaskAdvantage™ Supplemental Education Loans (ASEL);
- 3) Pre-2002 Alaska Student Loans (ASL);
- 4) ASL Consolidation Loans;
- 5) Teacher Education Loans (TEL);
- 6) Family Education Loans (FEL);
- 7) WWAMI Medical Education Loans;
- 8) WICHE Professional Student Exchange Program Loans;
- 9) Western Undergraduate Exchange (WUE);
- 10) Western Regional Graduate Program (WRGP).
- 11) Alaska's GEAR UP Scholarship; and
- 12) Miscellaneous state memorial education loan programs created for special purposes or target populations.

Servicing operations/administrative duties encompass:

- producing, disseminating and reviewing initial applications and awarding loans;
- disbursing loan funds to approved institutions in the US and abroad;
- monitoring loans during the enrolled and grace periods; entering borrowers into repayment;
- processing deferments and forgiveness of loan payments, where warranted; processing payment, adjustment and

- balance correction transactions;
- performing administrative collections action and, where in-house efforts to collect payments have failed, transferring loans to a private sector collection agency;
- advertising educational exchange opportunities to Alaskan residents;
- certifying Alaskan residents as eligible for participation under the various WICHE student exchange programs;
- representing Alaskan issues and concerns to the western member states; and
- assisting in the development of new programs which serve to expand postsecondary opportunities for Alaskans.

Core Services Objectives

- the issuing of loans
- to insure quality servicing of education loans
- to insure the quality of the loan portfolio through effective collections and enhanced revenues
- to continue improving service to loan borrowers through informed use of technology
- to continue quality internal operations through increased accountability and quality control
- to administer other financial aid programs that benefit Alaska postsecondary education consumers
- to insure adequate funds are available to meet loan demand

End Results	Strategies to Achieve Results
<p>(1) Increase Alaskans' postsecondary education participation.</p> <p><u>Target:</u> 41% participation by 2010. <u>Measure:</u> % of 19 year olds in college</p> <p>(2) Reduce Alaskans' cost of postsecondary education</p> <p><u>Target:</u> Maintain loan products at 2% below federal education loan interest rates <u>Measure:</u> #/% of loans originated at target rate</p> <p>(3) Insure Alaskan postsecondary institutions operate in a sound and responsible manner.</p> <p><u>Target:</u> 100% compliance with state standards <u>Measure:</u> % of authorized schools found to be in compliance</p>	<p>(1) Increase public awareness of postsecondary education and training value.</p> <p><u>Target:</u> Direct information delivery to 100% of target parent/student groups <u>Measure:</u> #/% of Alaskans served by outreach efforts</p> <p>(2) Collaborate with Alaska high schools to offer outreach activities</p> <p><u>Target:</u> 20% of Alaskan high schools participating in outreach activities <u>Measure:</u> #/% of high schools participating in outreach activities</p> <p>(3) Reduce program costs due to borrower default, delinquency and death</p> <p><u>Target:</u> 35% of all loans issued with federal guarantee <u>Measure:</u> % of loan issued with federal guarantee</p> <p><u>Target:</u> 65% recovery on delinquent loans <u>Measure:</u> % recovery on delinquent loans</p> <p><u>Target:</u> 5% or lower cohort default rate. <u>Measure:</u> % of loans in going into repayment in a given year which go into default</p> <p>(4) Maintain low program administrative costs.</p> <p><u>Target:</u> \$150 or lower program administrative cost per account. <u>Measure:</u> % of program administrative cost per account.</p> <p>(5) Provide proactive school compliance program to assist owners and operators in understanding and</p>

End Results	Strategies to Achieve Results
	<p>complying with requirements</p> <p><u>Target:</u> 100% of authorization applications submitted to Commission approved</p> <p><u>Measure:</u> #/% of authorization applications approved</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Create an Outreach Center to provide resources and information. • Staff appropriate public events/venues • College planning materials distributed to all Alaskan students and parents. • College promotion activities for at risk youth • Partner with all stakeholder groups • Promote federally guaranteed loans using borrower incentives • Provide flexible repayment options • Take proactive debt counseling action 	<ul style="list-style-type: none"> • Provide credit counseling resources • Provide convenient payment services (i.e. electronic, web, paper check, etc.) • Upgrade Autodialer for its continued use in collections. • Provide training for school staff • Provide site reviews of school compliance processes • Collaborate with other agencies (occupational licensing, AWIB to ensure conformity of information given to schools • Collaborate with other agencies (occupational licensing, AWIB to ensure conformity of information given to schools

FY2005 Resources Allocated to Achieve Results							
<p>FY2005 Component Budget: \$9,283,000</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">104</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">104</td> </tr> </table>	Full time	104	Part time	0	Total	104
Full time	104						
Part time	0						
Total	104						

Performance Measure Detail

(1) Result: Increase Alaskans' postsecondary education participation.

Target: 41% participation by 2010.
Measure: % of 19 year olds in college

(2) Result: Reduce Alaskans' cost of postsecondary education

Target: Maintain loan products at 2% below federal education loan interest rates
Measure: #/% of loans originated at target rate

(3) Result: Insure Alaskan postsecondary institutions operate in a sound and responsible manner.

Target: 100% compliance with state standards
Measure: % of authorized schools found to be in compliance

(1) Strategy: Increase public awareness of postsecondary education and training value.

Target: Direct information delivery to 100% of target parent/student groups

Measure: #/% of Alaskans served by outreach efforts

(2) Strategy: Collaborate with Alaska high schools to offer outreach activities

Target: 20% of Alaskan high schools participating in outreach activities

Measure: #/% of high schools participating in outreach activities

(3) Strategy: Reduce program costs due to borrower default, delinquency and death

Target: 35% of all loans issued with federal guarantee

Measure: % of loan issued with federal guarantee

Target: 65% recovery on delinquent loans

Measure: % recovery on delinquent loans

Target: 5% or lower cohort default rate.

Measure: % of loans in going into repayment in a given year which go into default

(4) Strategy: Maintain low program administrative costs.

Target: \$150 or lower program administrative cost per account.

Measure: % of program administrative cost per account.

(5) Strategy: Provide proactive school compliance program to assist owners and operators in understanding and complying with requirements

Target: 100% of authorization applications submitted to Commission approved

Measure: #/% of authorization applications approved

Key Component Challenges

- * Continue to increase AlaskAdvantage™ Federal Family Education Loan Program (FFELP) volume.
- * Continue to administer and provide policy direction for the ACPE programs, achieving efficiencies and delivering value-added service to Alaskans through improved management, processes, and technology.
- * To review and oversee postsecondary programs and institutions operating in the state, with the exception of the University of Alaska system, emphasizing quality in postsecondary education and training to ensure value for Alaskans in their pursuit of lifelong learning
- * Continue to provide Alaskans with information about: the benefits of higher education, the educational opportunities in Alaska, and financial aid programs available to assist in accessing those opportunities
- * Maintain loan portfolio quality through effective collections and enhanced revenues
- * Continue improving service to loan borrowers through informed use of technology
- * Continue quality internal operations through increased accountability and quality control

Significant Changes in Results to be Delivered in FY2005

- Increase on-campus assistance to student borrowers.
- Increase on-site assistance and student financial aid technology support for participating institutions.
- Continue to expand early awareness and outreach services to Alaska families for distribution of education financing information.
- Develop and offer a low cost consolidation loan for existing Alaska Student Loan borrowers.
- Expand electronic/automated payment options for borrowers to include on-line enrollment in such programs.

Major Component Accomplishments in 2003

- Developed a low cost consolidation loan for Alaska Student Loan borrowers repaying loans at substantially higher than current interest rates. Approved \$43 million in ASL consolidation loans in FY2003.
- Established position as #1 federal education loan provider in the state of Alaska with 37% of total volume for FY2003, providing Alaskan students with the lowest cost loans in the nation, at below-market rates ranging from 1.46% to 1.96%.
- Established expanded loan repayment options for borrowers struggling to manage their education debt.
- Maintained strong borrower benefit package, providing incentives and rewards to borrowers who attend school or reside in Alaska or who demonstrate certain positive repayment practices.
- Continued to enhance ASLNet, (ACPE's Web-based service-oriented financial aid packaging and delivery system which allows schools to streamline the financial aid process and borrowers to review and manage their loan data on-line 24-hours per day) to provide borrowers with the ability to authorize and schedule on-line bill payment directly from their bank account.
- Ended FY2003 with sufficient net income to approve an FY2005 dividend to the State of \$5.6 million, bringing the total returned to the state since FY2001 to \$22 million.
- In FY2003 over 10,400 Alaskans received loans totaling more than \$60.3 million dollars.
- Continued to provide full education loan servicing for over 162,500 loans with a total loan portfolio of over \$600 million.
- Enabled participation of 1,523 Alaskan undergraduate students in the WICHE Western Undergraduate Exchange program, saving those students and their families approximately \$8.2 million in tuition costs.
- Enabled enrollment of 205 undergraduate students from other states at the University of Alaska in the Western Undergraduate Exchange program.
- Enabled enrollment of 24 Alaskan graduate students in the WICHE Western Regional Graduate Exchange Program.

Statutory and Regulatory Authority

AS 14.42.010-055
AS 14.48.010-210
AS 14.42.011-055
AS 14.43.910-990
AS 14.43.091-175
AS 14.42.100-990
AS 14.43.250-325
AS 14.43.510
AS 14.43.600-990
AS 14.44.010-060
20 AAC 16.010-090

Contact Information

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**Program Administration & Operations
Component Financial Summary**

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	6,267.2
72000 Travel	0.0	0.0	130.2
73000 Contractual	0.0	0.0	2,426.5
74000 Supplies	0.0	0.0	87.7
75000 Equipment	0.0	0.0	21.4
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	350.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	0.0	9,283.0
Funding Sources:			
1002 Federal Receipts	0.0	0.0	82.3
1007 Inter-Agency Receipts	0.0	0.0	350.0
1106 Alaska Post-Secondary Education Commission Receipts	0.0	0.0	8,850.7
Funding Totals	0.0	0.0	9,283.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	0.0	0.0	82.3
Interagency Receipts	51015	0.0	0.0	350.0
AK Post-Sec. Education Comm. Receipts	55520	0.0	0.0	8,850.7
Restricted Total		0.0	0.0	9,283.0
Total Estimated Revenues		0.0	0.0	9,283.0

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-Program Admin to new component (Program Administration & Operations)	0.0	82.3	846.4	928.7
-Student Loan Ops to new component (Program Administration & Operations)	0.0	0.0	8,251.3	8,251.3
-WICHE to new component (Program Administration & Operations)	0.0	0.0	103.0	103.0
FY2005 Governor	0.0	82.3	9,200.7	9,283.0

**Program Administration & Operations
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	0	104	Annual Salaries	4,632,621
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	2,106,301
			<i>Less 7.00% Vacancy Factor</i>	<i>(471,722)</i>
			Lump Sum Premium Pay	0
Totals	0	104	Total Personal Services	6,267,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	0	0	4	0	4
Accounting Clerk	0	0	1	0	1
Accounting Technician	0	0	5	0	5
Administrative Assistant	2	0	4	0	6
Administrative Coordinator	0	0	2	0	2
Administrative Officer	0	0	3	0	3
Administrative Support Spec	0	0	2	0	2
Analyst/Programmer V	1	0	0	0	1
Application Technician	0	0	1	0	1
Awards Specialist II	0	0	2	0	2
Bankruptcy Specialist	0	0	1	0	1
Business Lead/Analyst II	0	0	3	0	3
Business Lead/Analyst III	0	0	1	0	1
Collections Supervisor	0	0	1	0	1
Collections Trainer/Specialist	0	0	1	0	1
Communications Supervisor	0	0	1	0	1
Compliance Auditor	1	0	0	0	1
Customer Service Spec I	0	0	1	0	1
Customer Service Spec II	2	0	17	0	19
Customer Service Spec III	0	0	7	0	7
Data Entry Clerk IV	0	0	2	0	2
Deputy Director Finance	0	0	1	0	1
Director	0	0	1	0	1
Director/Ir	1	0	0	0	1
Director/Iss	1	0	0	0	1
Disbursement Specialist III	0	0	1	0	1
Documents Processor	0	0	2	0	2
Executive Director	0	0	1	0	1
Executive Secretary III	0	0	1	0	1
Institutional Liaison For SFA	1	0	0	0	1
Internal Auditor	0	0	1	0	1
Loan Servicing Technician I	0	0	1	0	1
Loan Specialist	0	0	6	0	6
Mailroom Clerk	0	0	1	0	1
Micro/Network Tech II	0	0	1	0	1
Network Systems Specialist	0	0	1	0	1
Personnel Officer	0	0	1	0	1
Policy Analyst	0	0	1	0	1
Program Budget Analyst II	0	0	1	0	1
Program Coordinator	2	0	2	0	4

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Programmer/Analyst	6	0	0	0	6
Project Assistant	0	0	1	0	1
Project Coordinator	0	0	1	0	1
Publications Specialist	0	0	1	0	1
Receptionist	0	0	1	0	1
Skip Tracing Specialist	0	0	1	0	1
Totals	17	0	87	0	104