

# **State of Alaska FY2009 Governor's Operating Budget**

## **Department of Education and Early Development Alaska Postsecondary Education Commission Results Delivery Unit Budget Summary**

## Alaska Postsecondary Education Commission Results Delivery Unit

### Contribution to Department's Mission

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

WWAMI's mission is to promote and provide public medical education to Alaskans, and to encourage graduates to practice medicine in Alaska.

### Core Services

The Alaska Commission on Postsecondary Education (ACPE/Commission) was created and has been charged by the Alaska Legislature to carry out its mission by delivering core services to:

- Provide 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 has developed and delivers the AlaskAdvantage® Programs and Services and other occupational area-specific education loans.

Programs and services include outreach and early awareness programs intended to increase Alaskans' awareness of the importance of academic preparation and financial planning to insure both access and success in postsecondary education. ACPE seeks to make all state residents aware postsecondary education is vitally important and possible for all Alaskans--regardless of their economic or social status. One key agency goal is to provide Alaskans with the tools and information to make sound postsecondary education/training investments and decisions by delivering an electronic resource of education/training/labor information.

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

Servicing operations/administrative duties encompass:

- Processing education grant applications and disbursing and administering grant funds;
- Financing, originating and servicing education loans;
- Performing administrative collections action and;
- Acting as a one-stop resource for postsecondary education planning and financing services for all Alaskans;

- Identifying at risk students in elementary and secondary education and providing them (and their families) with targeted information about the importance of postsecondary education and, subsequently, providing ongoing related information and assistance in accessing postsecondary programs;
- 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**

- Award and disburse grants
- Issue loans
- Insure quality servicing of education loans through human and technology resources
- Insure the quality of the loan portfolio through effective collections and enhanced revenues
- Maintain quality internal operations through accountability and quality control
- Administer other financial aid programs that benefit Alaska postsecondary education consumers
- Insure adequate funds are available to meet loan demand

End Result	Strategies to Achieve End Result
<p><b>A: Increase Alaskans' participation in postsecondary education.</b></p> <p><u>Target #1:</u> Growth to 41% of Alaska 19-year-olds in college by 2010  <u>Measure #1:</u> Change in college participation rate for Alaska 19-year-olds</p>	<p><b>A1: Increase public awareness of postsecondary education and training value.</b></p> <p><u>Target #1:</u> Service delivery to 100% of targeted parent/student groups  <u>Measure #1:</u> Percent of Alaskans served by outreach efforts</p> <p><b>A2: Collaborate with Alaska high schools to offer outreach activities</b></p> <p><u>Target #1:</u> 20% of Alaskan high schools participating in outreach activities  <u>Measure #1:</u> Percent of Alaska high schools collaborating with ACPE to offer higher education outreach services.</p> <p><b>A3: Leverage the AlaskAdvantage Grant Program to provide financial aid to students with greatest financial need</b></p> <p><u>Target #1:</u> Provide grants to students from families with incomes less than \$15,000 annually  <u>Measure #1:</u> Percentage of grant recipients with average annual income less than \$15,000</p>
End Result	Strategies to Achieve End Result
<p><b>B: Reduce Alaskans' cost of postsecondary education</b></p> <p><u>Target #1:</u> Two percentage points below federal repayment period interest rates  <u>Measure #1:</u> Repayment period interest rates on education loans</p>	<p><b>B1: Reduce program costs due to borrower default, delinquency and death</b></p> <p><u>Target #1:</u> 35% of gross loans disbursed have federal guarantee  <u>Measure #1:</u> Percent of loans issued with federal guarantee</p> <p><u>Target #2:</u> Maintain cohort default rate of 5% or lower  <u>Measure #2:</u> Cohort default rate</p> <p><b>B2: Maintain low program administrative costs.</b></p>

	<p><u>Target #1:</u> Maintain administrative cost at or below 2.5% of outstanding loans portfolio.</p> <p><u>Measure #1:</u> Program administrative costs as a percent of portfolio</p>
<b>End Result</b>	<b>Strategies to Achieve End Result</b>
<p><b>C: Ensure authorized Alaska postsecondary institutions deliver value-added training products that equip students with the skills and competencies expected and required by Alaska employers.</b></p> <p><u>Target #1:</u> Authorized program completers employed following program completion</p> <p><u>Measure #1:</u> Institutional compliance with state standards</p>	<p><b>C1: Collect and report placement rate for programs delivering authorized job-specific training</b></p> <p><u>Target #1:</u> 75% of authorized program completers employed within 90 days of program completion</p> <p><u>Measure #1:</u> Percent of authorized program completers employed within 90 days of program completion</p>

FY2009 Resources Allocated to Achieve Results							
<p><b>FY2009 Results Delivery Unit Budget: \$14,240,400</b></p>	<p><b>Personnel:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">102</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;"><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>102</b></td> </tr> </table>	Full time	102	Part time	0	<b>Total</b>	<b>102</b>
Full time	102						
Part time	0						
<b>Total</b>	<b>102</b>						

**Performance Measure Detail**

**A: Result - Increase Alaskans' participation in postsecondary education.**

**Target #1:** Growth to 41% of Alaska 19-year-olds in college by 2010  
**Measure #1:** Change in college participation rate for Alaska 19-year-olds

**Chance for College by Age 19 for Alaska Students as a percent**

Year	YTD
2000	27.6
2002	28.1
2004	28.0

**Analysis of results and challenges:** ACPE's primary mission is to make the benefits of higher education more accessible for Alaska's citizens. Completing a higher education program benefits individual Alaskans through creating access to increased income and employment. Furthermore, communities populated with more educated citizens benefit from increased resident hire and an economic base attractive to new business and investment.

To measure the change in the Alaskan college-going rate, ACPE relies on the Chance for College report, published every other year by the Mortenson Research Seminar on Public Policy Analysis of Opportunity for Postsecondary Education. ACPE chose this national report due to its emphasis on state-by-state differences and its focus on measuring access. Chance for college rates are calculated by multiplying each state's high school graduation rate by its college continuation rate, using state-level data reported to the National Center for Education Statistics. Thus, this statistic measures the movement of high school students through the higher education pipeline.

Change from 2000 to 2004:  
 Over the past four years, the overall chance for college for Alaskan 19-year-olds has fluctuated only very slightly.

Alaska is 49th out of the 50 states in terms of the rate at which 19-year-olds continue through the higher education population, and significantly below the national average of 38.1%.

This relative lack of change is not surprising and is expected to remain stable for the next several years. Implemented in 2001, Alaska's outreach campaigns specifically targets middle-schoolers, based on overwhelming research documenting that children decide whether they are college material by eighth grade. The outreach message is then reinforced throughout Alaskan teens' high school years. Based on AlaskAdvantage Programs' genesis in 2001, we do not expect to see a sustained, significant change in the overall chance for college rate until 2006, when the first targeted population enters college. Beginning in 2006, we would expect to see small changes that emerge over time as a positive trend. While the Commission appropriately uses the overall college-going rate as its measure, it is worth noting the Mortenson data available on Alaskans in the lowest economic quartile. In this low income quartile, between fall 2000 and fall 2003, the college-going rate increased from 5.8% to 9.4% (+62%), a ten-year high for Alaska.

#### About AlaskAdvantage® Outreach Programs:

AlaskAdvantage Programs are designed to make higher education more accessible for Alaskans. Outreach is a significant component, to ensure that students, parents and mentors are aware of the importance of preparing for higher education early, to maximize options for success. An important and unique aspect of AlaskAdvantage outreach programs is that they are targeted to send age-appropriate, sequenced messages to both children and their parents. Each fall, the Commission direct mails materials to Alaska's 8th grade and 11th grade populations, encouraging them to begin planning for higher education, and to consider the educational opportunities available in Alaska. Materials are mailed to the address provided with the child's PFD application, thus ensuring that all students, whether in public, private, or home school, receive the same message. At the same time as the materials are sent to the child, a postcard is direct mailed to the parent or guardian, letting them know what has been mailed to their child, and asking them to take the time to talk to their child about higher education. The postcard also provides information about where the parent can get answers to parent questions, and assistance in talking to the child about college. Materials are also provided to teachers and counselors throughout Alaska. AlaskAdvantage Programs also partners with other organizations throughout the state with related missions, to leverage cost savings and maximize campaign efficiency and effectiveness.

Through AlaskAdvantage outreach programs, ACPE intends to effect increases in college-going statistics by providing Alaska's students, parents and educational professionals with information and resources necessary for them to plan for higher education.

### **A1: Strategy - Increase public awareness of postsecondary education and training value.**

**Target #1:** Service delivery to 100% of targeted parent/student groups

**Measure #1:** Percent of Alaskans served by outreach efforts

#### **Percent of Alaskans Served by Outreach Efforts**

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	92	5	3	0	100
2005	42	19	20	19	100
2006	59	12	11	18	100
2007	54	10	14	22	100

**Analysis of results and challenges:** This table summarizes the percent of targeted Alaskans receiving higher education outreach information. Through a combination of outreach campaigns, ACPE successfully reached 100% of the target parent/student audience. In 2007, this audience represents 65,126 Alaskans.

ACPE's AlaskAdvantage Programs promote and support postsecondary education access and success by:

- Supplying higher education-related promotional items and information resources.
- Providing publications and higher education outreach programs for various age groups.
- Training and supporting school counselors, teachers, parents and adult mentors.
- Increasing public awareness of Alaska's own higher education resources and the importance of higher education in ensuring a strong economic future for our state.

Specific AlaskAdvantage outreach products include:

1. Statewide age-based early awareness campaign:

2nd Grade: In partnership with the University of Alaska College Savings Plan, the Commission makes the age-appropriate "I Know I Can" book available to students, and coordinates with University of Alaska alumni who volunteer to read the book in the classroom. The book encourages 2nd graders to dream about what they will do when they grow up. The "I Know I Can" project is based on research that indicates children as young as seven years old already think of themselves as college material or not.

5th/6th Grade: A classroom poster and support activities for teachers are delivered to every school in Alaska, encouraging students to think about careers they might like to pursue. Activities at this age present the benefits of higher education in terms of expanded choices and options, and allow students to visualize themselves going to college.

7th/8th Grade: The Chart Your Course annual newspaper, featuring articles by Alaska students and by Alaskans who have achieved success through higher education, is direct mailed to the homes of every Alaskan in this age range. The campaign uses addresses from PFD applications, to ensure that home-schooled or private-schooled students are included. The newspaper reinforces the link between higher education and career choices. At the same time, a postcard is mailed to parents in each household, encouraging them to talk to their middle-schooler about higher education, and providing them with resources to help them encourage their children to plan for higher education.

11th Grade: The Going to College in Alaska magazine introduces students to local postsecondary education options (academic degrees, career skills training, and vocational education), and promotes postsecondary education opportunities right here in Alaska. It is also direct mailed to students, with an accompanying piece direct mailed to parents. Copies are also distributed to schools and community organizations.

12th Grade: The It's My Life higher education planning calendar for high school seniors is distributed to 12th grade classrooms statewide.

2. Statewide I'm Going to College campaign:

With support from the Northwest Education Loan Association, this program takes elementary school students onto college campuses to experience a day of life as a college student. The program specifically targets students from Title I (low income) schools, many of whom will be the first in their families to attend college. The program provides elementary school teachers with a curriculum to use to reinforce the message that college is for everyone, and to make thinking about college a learning experience for these students.

3. Statewide outreach presentations:

In partnership with schools, colleges, and community organizations, AlaskAdvantage Programs staffs presentations and information booths at events throughout the state, via both on-site visits and distance delivery. For information about currently scheduled events, visit the AlaskAdvantage Web site and click on the Outreach tab.

4. Alaska College Goal Sunday:

Supported by a grant from the Lumina Foundation, the Alaska College Goal Sunday (CGS) event provides free information and assistance to Alaska families who are applying for college financial aid. It brings financial aid professionals, primarily from state colleges and universities, to help college-bound students and their families complete the Free Application for Federal Student Aid (FAFSA). In 2007, CGS events were conducted at 17 locations throughout Alaska:

- Anchorage – East High School, West High School, Polaris K-12
- Bethel – UAF Kuskokwim Campus
- Fairbanks – Hutchison Institute of Technology
- Fort Yukon – UAF Yukon Flats Center Building
- Homer – UAA Kachemak East Bay Campus
- Juneau – Juneau-Douglas High School
- Kodiak – UAA Kodiak College
- Mat Su – Colony High School, Wasilla High School
- Nome – UAF Northwest Campus

- Seward – Seward High School
- Sitka – Sitka High School
- Soldotna – Kenai Peninsula College
- Tok – Tok University Center
- Unalaska – Unalaska High School

For locations of the February 2008 event, visit [www.alaskacollegegoalsunday.com](http://www.alaskacollegegoalsunday.com).

## A2: Strategy - Collaborate with Alaska high schools to offer outreach activities

**Target #1:** 20% of Alaskan high schools participating in outreach activities

**Measure #1:** Percent of Alaska high schools collaborating with ACPE to offer higher education outreach services.

### Percentage of Alaska School Districts Served by Higher Ed. Outreach Services

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	31	35	20	15	100
2005	6	23	37	34	100
2006	30	25	13	32	100
2007	28	21	34	17	100

**Analysis of results and challenges:** This table summarizes the percent of Alaska school districts benefiting from higher education outreach services since implementation of AlaskAdvantage outreach programs. Through collaborative outreach programs (e.g., financial aid nights, career planning nights, etc.) with the high schools in these school districts, ACPE has annually successfully reached 100% of its target populations. In 2007, services were provided in the form of 453 outreach events offered in 114 communities throughout the six Alaska regions (Arctic, Western, Interior, Southwestern, Southcentral, and Southeast Regions). In each region, events included community liaison visits, public awareness events, financial and training and planning activities, higher education planning activities and support for organizations offering higher education mentoring.

## A3: Strategy - Leverage the AlaskAdvantage Grant Program to provide financial aid to students with greatest financial need

**Target #1:** Provide grants to students from families with incomes less than \$15,000 annually

**Measure #1:** Percentage of grant recipients with average annual income less than \$15,000

**Analysis of results and challenges:** In 2006, 100% of grants went to students with average annual income less than \$15,000.

Specifically, in 2006:

- 579 students received grants totaling \$584,889
- Average student age: 32
- Average AGI: \$14,347
- Average unmet need: \$12,240
- Received priority award: 21%
- First in family to attend higher ed: 38%

These statistics document the grants reach the target audience – students with the most need. Students who received grants in 2006 came from families with an average Adjusted Gross Income of only slightly more than \$14,000, and these students needed financial aid of more than \$12,000 each in order to afford to participate in higher education. In addition, the average recipient age of 32 demonstrates grants received by both returning adults and traditional college age students.

The AlaskAdvantage Education Grant program was created in 2004 by the Alaska legislature to enable the Commission to provide financial assistance to needy Alaska students attending qualifying postsecondary educational institutions in Alaska. The program was specifically designed to set aside a portion of available grant funds to enhance awards for applicants enrolled in qualifying workforce shortage programs, and for applicants demonstrating exceptional academic preparation for higher education (as documented by top quartile SAT or

ACT scores).

The AlaskAdvantage Education Grant is a need-based program funded by the Alaska Student Loan Corporation, which provides the state match dollars required for participation in the federal LEAP program (Leverage Educational Assistance Partnership Program). Grant awards range from a minimum of \$500 to a maximum of \$2,000 per academic year for students who have qualifying unmet financial need.

All Alaska residents who complete the Free Application for Federal Student Aid (FAFSA) by April 15th of each year, and who list at least one qualifying Alaska institution of higher education, will be included in the grant applicant pool. Qualified applicants are prioritized based on financial need. Students with the highest financial need are awarded in order of need until funds are exhausted.

**B: Result - Reduce Alaskans' cost of postsecondary education****Target #1:** Two percentage points below federal repayment period interest rates**Measure #1:** Repayment period interest rates on education loans

Alaska Federal Loan Rates: In-school Period*						
Year	Federal Rate	Lowest AlaskAdvantage Rate Available after all Benefits	Difference			
2004-2005	2.77%	0.00%	2.77 points			
2005-2006	4.70%	2.50%	2.20 points			
2006-2007	6.80%	5.00%	1.80 points			
2007-2008	6.80%	5.00%	1.80 points			
Alaska Federal Loan Rates: Repayment Period*						
Year	Federal Rate	Lowest AlaskAdvantage Rate Available after all Benefits	Difference			
2004-2005	3.77%	0.00%	3.77 points			
2005-2006	5.30%	1.55%	3.75 points			
2006-2007	6.80%	3.05%	3.75 points			
2007-2008	6.80%	3.05%	3.75 points			
<i>*Note that due to changes in federal law, new loans made after July 1, 2006 are fixed-rate loans. Loans made prior to that date continue to be variable rate until the debt is paid.</i>						
AlaskAdvantage 2007-2008 Federal Stafford and PLUS Rates and Benefits						
	Fixed Rate Stafford		Variable Stafford		Fixed Rate PLUS	Variable PLUS
	(New Loans)		(2002-2006 Loans)			
07/08 Federal	In-School	Repayment	In-School	Repayment		
Base Rate	6.80%	6.80%	6.62%	7.22%	8.50%	8.02%
AlaskAdvantage						
Basic Benefit	-0.80%	-0.50%	-0.80%	-0.50%	-1.00%	-1.00%
Alaska Presence Benefit						
	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
Direct Payment Benefit						
	--	-0.25%	--	-0.25%	-0.25%	-0.25%
Benefit After First 48 Months Timely Repayment						
	--	-2.00%	--	-2.00%	-1.00%	-1.00%
Lowest Rate Equivalent from Cost Reductions in Qualifying						
	5.00%	3.05%	4.82%	3.47%	5.25%	4.77%
Additional						
1% Default Fee Pfd	Yes		n/a		Yes	n/a
Origination Fee Paid	Yes		n/a		n/a	n/a
3% Extra Cost Reduction Paid						
	n/a		n/a		Yes	n/a

**Analysis of results and challenges:** Base interest rates on federally guaranteed education loans are set by the US Department of Education. For loans originated after July 1, 2006, rates are fixed at 6.8% during both the in-school and repayment periods. For loans existing prior to July 1, 2006, the rate remains variable and changes

annually, not to exceed 8.25%.

ACPE's federally guaranteed loans include borrower benefits that reduce rates for AlaskAdvantage borrowers, as noted in the graph above. AlaskAdvantage loans are available only to Alaska residents or to nonresidents who choose to invest their higher education dollars at Alaska institutions, and the program is designed to pass program savings from economies of scale on to Alaska's students, directly reducing their costs of higher education.

In 2006 and again in 2007, the Greentree Gazette, the magazine of the student loan industry, listed AlaskAdvantage Loans as having the lowest cost loans in the nation.

### **B1: Strategy - Reduce program costs due to borrower default, delinquency and death**

**Target #1:** 35% of gross loans disbursed have federal guarantee

**Measure #1:** Percent of loans issued with federal guarantee

#### **Percent of Loans Issued with Federal Guarantee**

Year	FFELP \$	Alt \$	Total \$	YTD
2003	10,765,700	49,005,504	59,771,204	18%
2004	17,389,320	49,230,027	66,619,347	28%
2005	23,367,531	47,541,452	70,908,983	32%
2006	24,237,754	51,255,236	75,492,990	32%
2007	27,409,655	48,957,415	76,367,070	36%

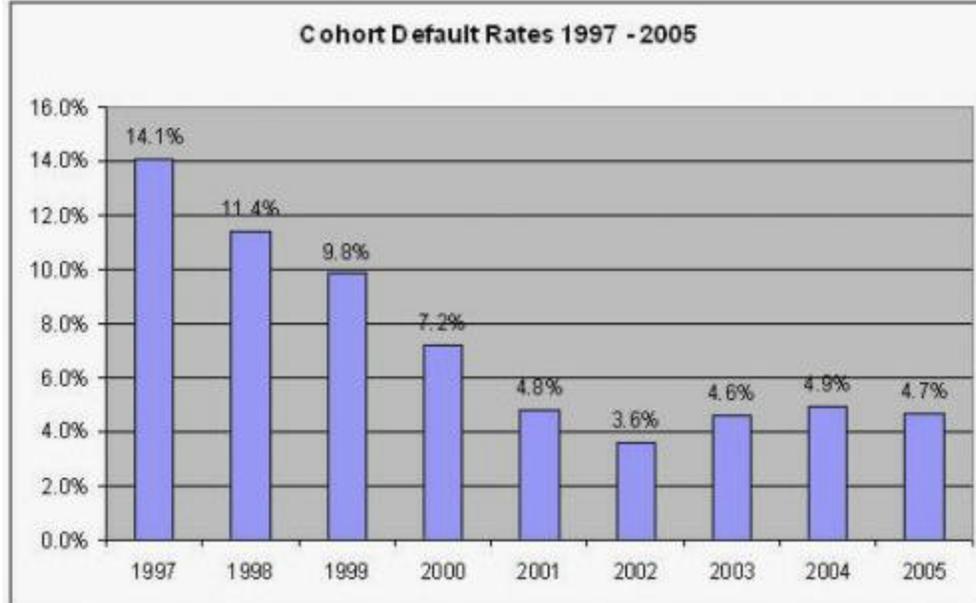
**Analysis of results and challenges:** ACPE became a lender of federally guaranteed loans in FY03. By year end, ACPE had emerged as the number one lender in Alaska. In FY04, ACPE's federal lending volume continued to grow, from 18% of ACPE's total volume to 28%. In FY05, federal volume has grown again, although not at the astonishing pace of its first years. FY06 saw the percent of volume with a federal guarantee remain stable at 32%; however, the dollar volume of federally guaranteed loans increased by approximately \$1,000,000. The percent of total remained stable as well due to a proportionate increase in alternative loan volume, as noted in the chart above. In FY07, ACPE met its goal of having 35% of loan volume federally guaranteed.

Increasing ACPE's federally guaranteed loan volume reduces net program costs because the federal guarantee caps loan losses at three percent. Assuming that ACPE exercises due diligence in loan servicing, ACPE is reimbursed at 97% for losses due to borrower default, full disability, or death. These guaranteed loans also bring to ACPE federally-funded interest subsidies for low-income borrowers in qualifying periods, significantly lowering cost for our neediest students, without increasing costs to ACPE or to the State.

Federal loans require completion of the FAFSA (Free Application for Federal Student Aid), which also serves as the student's application for federal or state need-based grant funds for which they may be eligible, again significantly lowering college costs for Alaska's neediest students.

**Target #2:** Maintain cohort default rate of 5% or lower

**Measure #2:** Cohort default rate



**Analysis of results and challenges:** ACPE's alternative loan program default rate is an annual calculation measuring the percentage of dollars borrowed that enter repayment during a specific calendar year and are at least six months in arrears at the end of the first 12 months of repayment. The most recent rate of 4.7, calculated in January 2007 for the 2005 cohort, represents a modest decrease from the 4.9 2004 cohort rate, and remains below the Commission's target of 5%. It is important to note that this cohort default calculation does not apply to federally guaranteed loans.

Over the past decade the Alaska Legislature equipped ACPE with a variety of effective collection tools. Simultaneously, program management implemented improved, aggressive default prevention and management campaigns. ACPE joined with campaign partners such as key colleges, universities, and vocational schools serving Alaska Supplemental Education Loan borrowers. The default prevention campaign is a unique education loan consumer tool, which, if used, helps borrowers avoid default through education, pre-borrowing counseling, and a variety of repayment options. These enhanced borrower services deliver default management through preventive measures, rather than attempting to remedy defaults after they have occurred. For future years, it is expected that default prevention and related management tools will maintain the cohort rate at approximately 5%, although minor fluctuations can be expected from year-to-year.

Cost savings such as those resulting from low incidence of default have enabled ACPE to offer Alaskans education loans at substantially below market rates, and to provide a source for need-based grants to Alaskan students. ACPE's emphasis on default prevention also serves ACPE's customers and their communities by creating a growing population that understands the importance of wise credit and wise debt management.

In 2007, the Commission also received its third federal cohort default rate, for cohort year 2005, of, 5.8%. This rate is a reduction from both the 2003 rate of 6.5% and the 2004 rate of 9.6%. The federally guaranteed loans from which this rate is calculated are entitlements, so there is no credit assessment required for loan eligibility. The Commission expects its federal cohort rate to stabilize at below 10%.

**B2: Strategy - Maintain low program administrative costs.**

**Target #1:** Maintain administrative cost at or below 2.5% of outstanding loans portfolio.

**Measure #1:** Program administrative costs as a percent of portfolio

**Program Administrative Cost as a Percent of Portfolio**

Year	YTD
2001	2.0
2002	2.1
2003	2.5
2004	2.3
2005	2.6
2006	2.7
2007	2.5

**Analysis of results and challenges:** In FY07 ACPE experienced a 12% increase in federally guaranteed loan volume and a 4% decrease in supplemental loan volume resulting in a reduction of administrative costs. Last year costs were 2.7% as a percent of portfolio and due to increased volume in low-risk loans ACPE was once again within its target for program administrative costs at 2.5%.

**C: Result - Ensure authorized Alaska postsecondary institutions deliver value-added training products that equip students with the skills and competencies expected and required by Alaska employers.**

**Target #1:** Authorized program completers employed following program completion

**Measure #1:** Institutional compliance with state standards

**Analysis of results and challenges:** ACPE is charged by state law to ensure Alaskan postsecondary educational institutions meet minimum operating standards, and to ensure that only qualifying institutions are exempted from authorization requirements. Meeting this charge provides consumer protection for students by setting and monitoring school compliance with minimum standards for institutional academic and administrative capacity. Relevant statutes and regulations are AS 14.48 and 20 AAC 17.

In FY07, Alaska has 24 authorized institutions and 139 exempt institutions. The University of Alaska reports to a Board of Regents and is exempt from authorization requirements. Other exemptions include religious training conducted for church membership and short programs less than 80 hours in length. Completion rates are calculated at the end of each authorized program, rather than in aggregate, to ensure that any comparisons are valid. For information about specific program rates, please contact ACPE's Institutional Authorization staff at (907) 269-7970.

**C1: Strategy - Collect and report placement rate for programs delivering authorized job-specific training**

**Target #1:** 75% of authorized program completers employed within 90 days of program completion

**Measure #1:** Percent of authorized program completers employed within 90 days of program completion

**Analysis of results and challenges:** In 2006, ACPE began collecting annual completion and placement rate data for authorized postsecondary vocational training in Alaska.

Authorized Alaska institutions are required to track vocational student completion and placement rates. A student is considered a completer if, within 150% of the program's normal duration, the student was awarded the program credential. Completion rates exclude students who withdrew and received 100% refunds; entered active duty military service, Peace Corps, Americorps, or religious mission; transferred to another educational program or institution; or failed to complete due to circumstances such as death, disability, or incarceration.

Of those who completed their vocational program of study, institutions calculate the number who became

employed in their fields within 90 days of program completion, excluding those who do not seek employment in their field or who do not respond to institutional requests for information. In 2007, the aggregate program completion rate for reporting institutions was 85%. Of that population, 88.5% were placed in qualifying positions.

## Key RDU Challenges

- Deliver the AlaskAdvantage® Education Grant Program with the program objectives of increasing access for lower-income residents, assist in addressing key worker shortage areas, and incent secondary students to take rigorous high school curriculum;
- Increase AlaskAdvantage® share of Alaska's Federal Family Education Loan Program (FFELP) volume;
- Administer and provide policy direction for the ACPE programs, achieving efficiencies and delivering value-added service to Alaskans through improved management, processes, and technology;
- 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;
- 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;
- Maintain high service standards for loan borrowers through informed use of technology; and
- Maintain quality internal operations through accountability and quality control.

## Significant Changes in Results to be Delivered in FY2009

- Increase anytime, anywhere assistance to student borrowers and their families;
- 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 academic preparation and education financing information;
- Enhance technological tools to increase loan collection efficiency and effectiveness with no increase in staffing; and
- Enhance electronic desktop tools for ACPE staff to insure accurate and consistent customer service levels.

## Major RDU Accomplishments in 2007

- Delivered \$3.5 million in borrower cost reductions on qualifying education loans, bringing the five-year benefit total to \$17.1 million and maintaining a robust borrower benefit package to incent and reward borrowers who attend school or reside in Alaska;
- Enabled 1,664 Alaska students and their families to save over \$11.7 million in tuition costs through Alaska's participation in the WICHE Western Undergraduate Exchange program;
- For the 5<sup>th</sup> consecutive year, maintained position as #1 federal education loan provider in the state of Alaska, providing Alaska students with the lowest cost loans in the U.S. with interest rates ranging from 3.25% to 6%;
- Achieved a reduction in ACPE's federal cohort default rate from 9.6% in 2004 to 5.8%;
- Provided substantial borrower cost savings through consolidation at lower interest rates. Approved over \$23 million in consolidation loans in FY2007;
- Ended FY2007 with sufficient net income to approve an FY2009 dividend to the State of \$4.1 million, bringing the total dividends returned to the State since FY2001 to \$32.3 million;
- In FY2007, originated \$76.4 million in loans to over 9,100 borrowers;
- Fully serviced over 160,000 loans with a total loan portfolio of approximately \$638 million; and
- Attracted 432 undergraduate students from other states to the University of Alaska through the Western Undergraduate Exchange program.

**Contact Information**

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**Alaska Postsecondary Education Commission  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2007 Actuals				FY2008 Management Plan				FY2009 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b><u>Formula</u></b>												
<b><u>Expenditures</u></b>												
None.												
<b><u>Non-Formula</u></b>												
<b><u>Expenditures</u></b>												
Program Admin & Operations	0.0	127.8	11,357.3	11,485.1	0.0	140.0	11,590.9	11,730.9	0.0	470.0	11,640.3	12,110.3
WWAMI Medical Education	1,543.3	0.0	0.0	1,543.3	1,698.0	0.0	0.0	1,698.0	2,130.1	0.0	0.0	2,130.1
<b>Totals</b>	<b>1,543.3</b>	<b>127.8</b>	<b>11,357.3</b>	<b>13,028.4</b>	<b>1,698.0</b>	<b>140.0</b>	<b>11,590.9</b>	<b>13,428.9</b>	<b>2,130.1</b>	<b>470.0</b>	<b>11,640.3</b>	<b>14,240.4</b>

**Alaska Postsecondary Education Commission  
Summary of RDU Budget Changes by Component  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>1,698.0</b>	<b>140.0</b>	<b>11,590.9</b>	<b>13,428.9</b>
<b>Adjustments which will continue current level of service:</b>				
-Program Admin & Operations	0.0	0.0	-179.6	-179.6
<b>Proposed budget increases:</b>				
-Program Admin & Operations	0.0	330.0	229.0	559.0
-WWAMI Medical Education	432.1	0.0	0.0	432.1
<b>FY2009 Governor</b>	<b>2,130.1</b>	<b>470.0</b>	<b>11,640.3</b>	<b>14,240.4</b>