

# **State of Alaska FY2012 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 access to and success in education and career training beyond high school.

### Core Services

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

### Results at a Glance

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

#### END RESULT A: Increase Alaskans' successful participation in postsecondary education.

- New 2008 data was published in the fall of 2010 and reflects that only 7 of 100 Alaskan 9th graders will complete a college credential on time, compared to 20 of 100 9th graders nationally.

##### Status of Strategies to Achieve End Result

- ACPE continued to achieve this target. In FY10 ACPE staff participated in 618 events in 276 communities serving almost 40,000 Alaskans; and direct mailed education planning resources to over 49,000 Alaska students.
- ACPE currently achieves this target by delivering AKCIS services at all Alaska Job Centers and similar community partners supporting adults seeking career growth.
- As Alaska Career Information System (AKCIS) administrator, ACPE made AKCIS available at no cost to all Alaska districts and 93% of districts, 50 of 54, maintained active sites for their students.
- ACPE ensures those students with greatest financial need receive available funds. In FY10, grants were awarded to students with average annual family incomes of \$16,617 or less.

#### END RESULT B: Reduce Alaskans' cost of postsecondary education

- The quality of ASLC loans ensure ACPE has the capacity to continue to offer low-cost fixed rate loans to Alaska's students and families without general fund subsidies.

##### Status of Strategies to Achieve End Result

- ACPE continues to demonstrate strength in default management. The most recent rate of 4.6% was calculated in January 2010 for the 2008 cohort.
- By Q2 of 2010, more than 24,000 Alaskans had filed the annual FAFSA, a 15% increase from the prior year-to-date.
- In FY10, ACPE's loan program administrative costs as a percent of the portfolio was 1.94%.

#### END RESULT C: Provide consumer protection to Alaska's higher education students.

- ACPE achieves this target by requiring all entities seeking to and approved for delivery of education services in Alaska meet all applicable state standards.

##### Status of Strategies to Achieve End Result

- ACPE meets this target on an annual basis as 100% of institutions authorized must document that their curricula meet standards set by recognized bodies or determined to meet local industry training needs.

### Key RDU Challenges

- Ensure Alaska students and families are fully informed about the Alaska Performance Scholarship through efficient and effective marketing and administration of the program
- Deliver programs with the objectives of increasing access for lower-income residents, assisting in addressing key worker shortage areas, and motivating secondary students to take rigorous high school curriculum
- Ensure adequate low-cost funding for loan programs in the face of the ongoing disruption in the national bond markets

- Provide education loan consumer outreach to make Alaskans aware of the importance of credit management and the cost savings achieved by having a credit-worthy cosigner
- Provide timely early outreach to assist students in preparing for success in higher education and eligibility for the Alaska Performance Scholarship by promoting a rigorous secondary school curriculum
- Attract and retain the caliber of staff necessary to manage technical and operational complexity of programs, despite uncertainty in the education lending industry and state's ability to compete with private sector for highly qualified employees
- Administer and provide policy direction for 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
- Maintain high service standards for loan borrowers through informed use of technology
- Maintain quality internal operations through accountability, quality control and informed use of technology
- Continue to provide Alaskans guaranteed access to medical education and to address statewide professional medical workforce needs

### **Significant Changes in Results to be Delivered in FY2012**

- Facilitate development of capacity for statewide longitudinal data sharing for the purpose of reporting on the return on investment of state investments in education and training systems
- Effect a statewide culture change relative to supplemental education loans, to encourage borrowers to seek a credit-worthy cosigner
- Advocate for stable long-term funding source for the Alaska Performance Scholarship and AlaskAdvantage education grant programs
- Increase operational efficiencies given reduction in loan origination, while maintaining service levels and required accountability
- Increase anytime, anywhere assistance to students and their families
- Continue to expand peer mentor activities to increase secondary student engagement in postsecondary education preparation and planning
- Enhance online tools and interagency collaboration to deliver robust career planning services for Alaskans
- Enhance technological tools to increase loan collection efficiency and effectiveness with no increase in staffing
- Enhance electronic desktop tools for ACPE staff to ensure accurate, efficient, and consistent customer service levels

### **Major RDU Accomplishments in 2010**

- Delivered over \$2.8 million in borrower cost reductions on qualifying education loans, bringing the cumulative benefit total to \$28 million and maintaining a borrower benefit package to incent and reward borrowers who attend school or reside in Alaska
- Implemented enhanced credit requirements on state supplemental education loans
- Enabled more than 1,600 Alaska students and their families to save \$12.5 million in tuition costs through Alaska's participation in the WICHE Western Undergraduate Exchange program
- For the 8<sup>th</sup> consecutive year, maintained position as #1 federal education loan provider in Alaska, providing Alaska students with the lowest cost loans in the U.S.
- Effected a reduction in ASLC-held federal loan cohort default rate to 5.1%, well below the Alaska state average
- Effected a reduction in the alternative loan cohort default rate to 4.6% despite national increases in default rates
- In FY2010, originated \$80 million in loans to over 13,700 borrowers
- Fully serviced over 138,000 loans with a total loan portfolio of approximately \$717 million
- Attracted 534 undergraduate students from other states to the University of Alaska through the Western Undergraduate Exchange program
- Coordinated third WWAMI cohort of 20 incoming medical students
- Continued expansion of the number of student clerkship rotations in Alaska to 137

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

*All dollars shown in thousands*

	FY2010 Actuals				FY2011 Management Plan				FY2012 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
<b>Formula Expenditures</b>												
AK Perf Scholarships	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8,221.9	0.0	0.0	8,221.9
<b>Non-Formula Expenditures</b>												
Program Admin & Operations	0.0	12,068.6	364.6	12,433.2	650.0	12,655.6	802.5	14,108.1	1,100.0	13,137.8	1,917.0	16,154.8
WWAMI Medical Education	2,627.9	0.0	0.0	2,627.9	2,964.8	0.0	0.0	2,964.8	2,964.8	0.0	0.0	2,964.8
<b>Totals</b>	<b>2,627.9</b>	<b>12,068.6</b>	<b>364.6</b>	<b>15,061.1</b>	<b>3,614.8</b>	<b>12,655.6</b>	<b>802.5</b>	<b>17,072.9</b>	<b>12,286.7</b>	<b>13,137.8</b>	<b>1,917.0</b>	<b>27,341.5</b>

**Alaska Postsecondary Education Commission  
Summary of RDU Budget Changes by Component  
From FY2011 Management Plan to FY2012 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2011 Management Plan</b>	3,614.8	0.0	12,655.6	802.5	17,072.9
<b>Adjustments which will continue current level of service:</b>					
-Program Admin & Operations	-650.0	0.0	324.2	14.5	-311.3
<b>Proposed budget increases:</b>					
-Program Admin & Operations	1,100.0	0.0	158.0	1,100.0	2,358.0
-AK Perf Scholarships	8,221.9	0.0	0.0	0.0	8,221.9
<b>FY2012 Governor</b>	<b>12,286.7</b>	<b>0.0</b>	<b>13,137.8</b>	<b>1,917.0</b>	<b>27,341.5</b>