

Alaska Commission on Postsecondary Education
Alaska Student Loan Corporation

House Finance Education Subcommittee

February 9, 2016

Alaska Commission on Postsecondary Education

Alaska Student Loan Corporation

Alaska Statutes

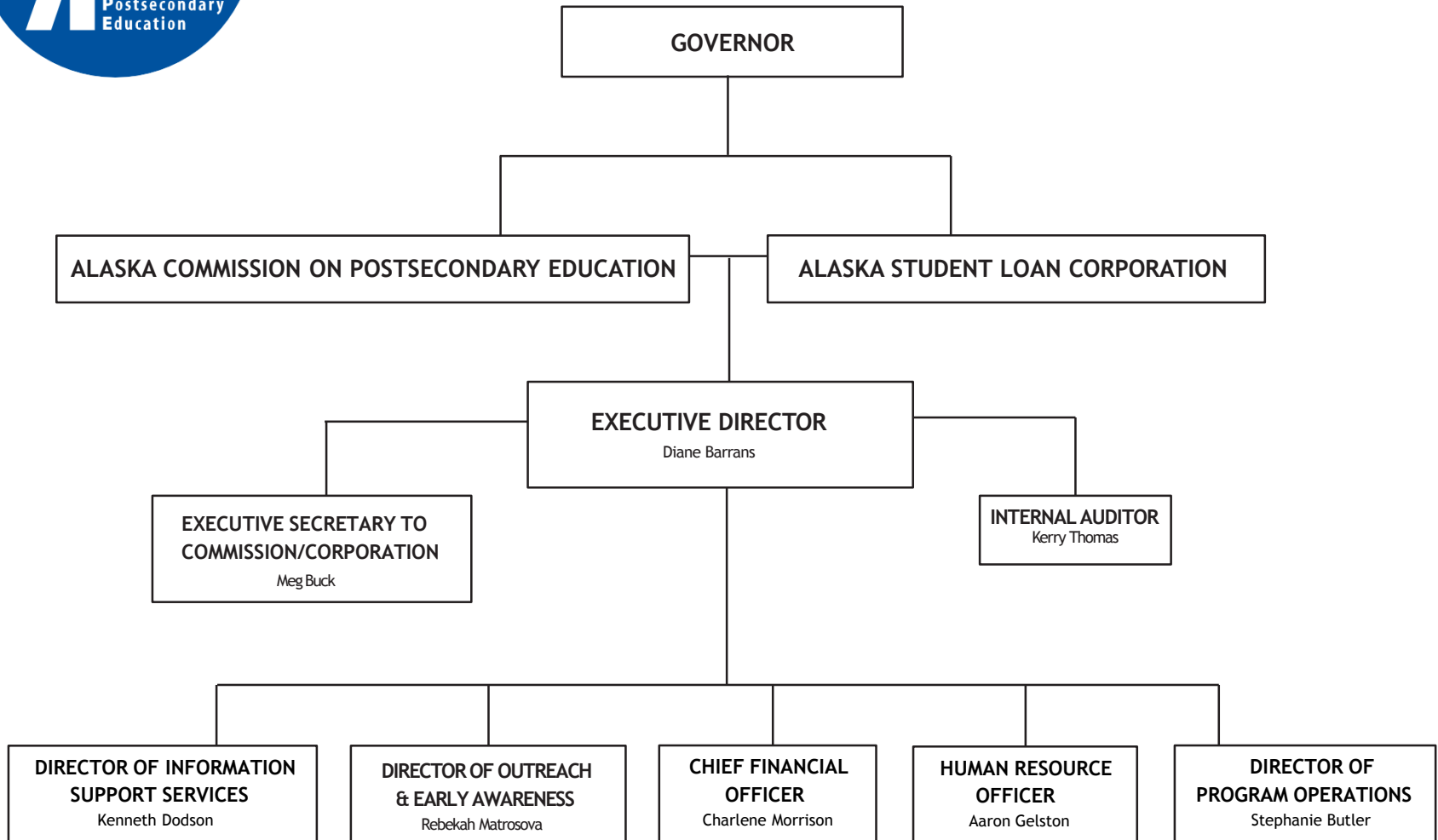
- Commission statutory authority: AS 14.42.010-055 (est. 1974)
- Corporation statutory authority: AS 14.42.100-990 (est. 1987)
- Financial aid programs and services: AS 14.43.091-990 and AS 14.44.010-060 (est. 1971)
- Regulation of postsecondary education institutions: AS 14.48.010-210 (est. 1976)
- Outreach & Early Awareness: Sec. 1 ch 85, Temporary And Special Acts and Resolves (est. 2001)

Alaska Commission on Postsecondary Education

Mission

Promoting access to and
success in education and career
training beyond high school

Structure & Budget Overview



ACPE/ASLC Organization Chart

Structure Overview

Partner agencies

ACPE develops and delivers higher education access and support services

ASLC underwrites the costs of mission-related services

SOA directly funds scholarships/grants/WWAMI

14-member Commission:

University of Alaska Board of Regents (2)

Private higher education (1)

Proprietary postsecondary education (1)

State Senate (1)

State House of Representatives (1)

General Public (4)

Student (1)

Alaska Workforce Investment Board (1)

Community College (1)

Department of Education and Early Development (1)



Structure Overview

Five-member ASLC Board

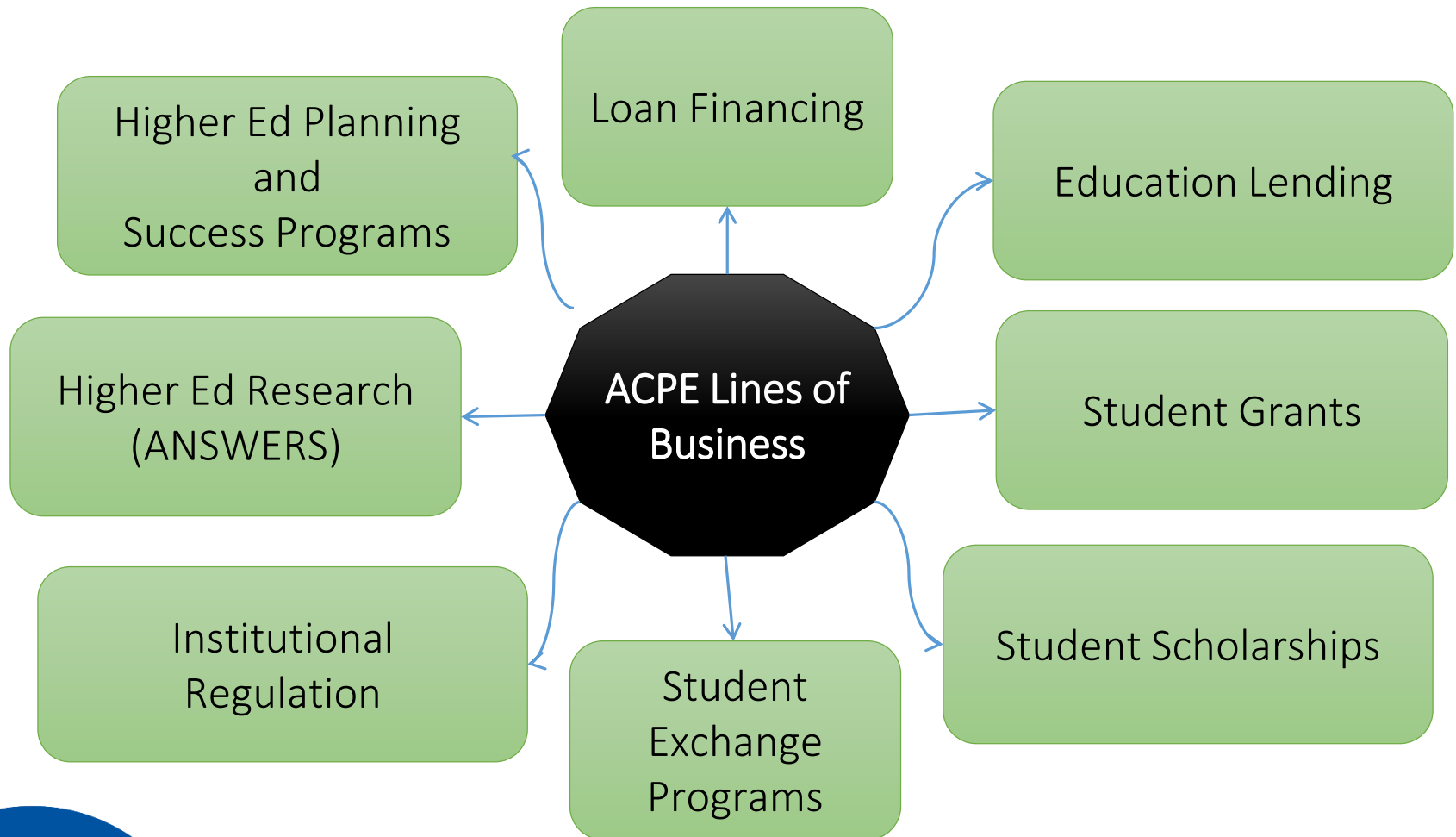
- Commissioner of Administration; Designee John Boucher
- Commissioner of Commerce, Community and Economic Development; Designee Jim Andersen
- Commissioner of Revenue; Designee Jerry Burnett
- Two ACPE members; Chair Randy Weaver and, previously, Jim Johnsen

Corporation responsibilities:

- Generate program funding by issuing tax exempt debt backed by the loan assets
- Oversee investments, trusts and indentures; set loan terms and benefits

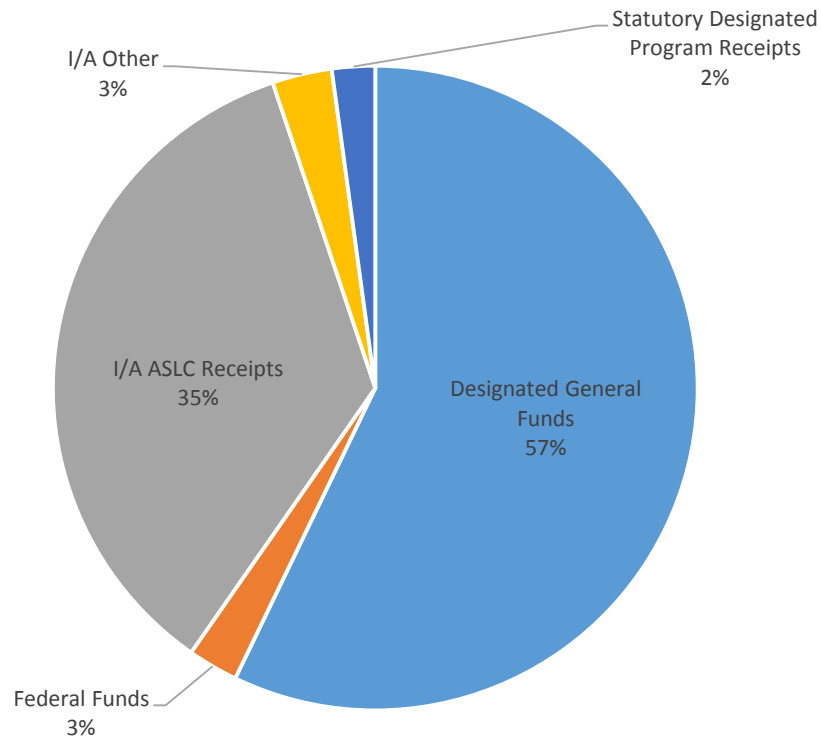
For the purpose of state budget structure and reporting, ACPE is located within the Department of Education and Early Development

ACPE Business Lines (Core Services)



ACPE FY2017 Budget Request by Fund Source

	Designated General Funds	Federal Funds	Inter-agency ASLC Receipts	Inter-agency Other	Statutory Designated Program Receipts	Total	
Agency Operations	50.0	900.0	12,518.0	1,066.0	770.0	15,304.0	43.0%
Non-operations (WWAMI, APS and AEG)	20,297.6	0	0	0	0	20,297.6	57.0%
Total	20,347.6	900.0	12,518.0	1,066.0	770.0	35,601.6	100%



ACPE Staffing FY2017 Governor's Budget

ACPE's budget will authorize employment of 99 full-time positions in two locations with offices in Juneau and Anchorage.

	FT	PT	NP	Total	
FY2013 Management Plan	95	0	11	106	% Change from FY2013
FY2014 Management Plan	95	0	11	106	0%
FY2015 Management Plan	95	0	11	106	0%
FY2016 Management Plan	95	0	11	106	0%
FY2017 Governor	95	0	4	99	-6.6%

Structure Overview

ACPE has five operational units

1. Executive Office/Administrative Support/Personnel
 - Diane Barrans, Executive Director
 - Eight budgeted positions
 - Functions include: Internal Audit, Human Resource Management, Records Management, Procurement and Commission and ASLC Board support

2. Student Financial Aid Programs (Operations)
 - Stephanie Butler, Director of Operations
 - Forty-two budgeted positions
 - Functions include: scholarship and grant administration, loan origination, servicing and collection, quality assurance/compliance oversight, institutional authorization, consumer complaints, and research/analysis

Structure Overview

ACPE has five operational units

3. Finance

- Charlene Morrison, Chief Finance Officer
- Seventeen budgeted positions
- Functions include: procurement processing, payment processing, bond trust administration and compliance, financial reporting and compliance

4. Information Support Services

- Kenneth Dodson, Director of Information Support Services
- Sixteen budgeted positions
- Functions include: loan servicing system management, internet-based services, database management, network support, information security compliance and website development and maintenance

5. Outreach & Early Awareness

- Rebekah Matrosova, Director of Outreach & Early Awareness
- Sixteen budgeted positions
- Functions include: Alaska Career Information System training and support, financial aid programs promotion, college/career guide program management, and publications

Student Scholarships, Grants and Loans

Meeting the Mission – Providing Alaska Student Financial Aid

Meeting the mission—Alaska Student Financial Aid

Alaska Performance Scholarship

- ~5,200 students received awards since 2011
- \$10.1 million disbursed to 3,006 students in 2014-15 program year
- \$11.5 million appropriated for 2015-16
- APS students clearly more successful in college and career training

Alaska Education Grant

- \$5.5 million disbursed to 3,901 students in 2014-15 program year
- \$5.75 million appropriated for 2015-16

Alaska Supplemental and Family Education Loans

Student Exchanges and Specialized Loans

- WICHE undergraduate, graduate and professional student exchanges
- WWAMI Graduate Medical Education Program
- Winn Brindle Memorial Education Loan (fisheries industry)

APS/AEG Disbursements by Institution

7/1/15 through 12/31/15

	AEG Program		APS Program	
School Name**	Total # of Recipients	Total Disbursed	Total # of Recipients	Total Disbursed
AK Bible College	0	\$0	4	\$5,350
Alaska Career College	87	\$220,500	9	\$22,392
AK Christian College	25	\$41,500	1	\$1,783
APU	17	\$25,000	22	\$43,394
AVTEC	20	\$30,000	13	\$23,183
Charter College	72	\$72,813	10	\$12,683
Ilisagvik College	6	\$9,750	1	\$1,783
MetrOasis*	0	\$0	2	\$3,566
Northern Industrial Training*	0	\$0	1	\$1,189
Trendsetters*	0	\$0	4	\$15,454
UAA	863	\$1,132,676	1,739	\$3,050,256
UAF	332	\$428,250	1,124	\$2,085,606
UAS	108	\$145,250	141	\$252,643
Wayland Baptist University	4	\$6,000	0	\$0
Totals	1,534	\$2,111,739	3,071	\$5,519,282

*Participation in the APS program only.

**Schools that participate in AEG and/or APS that currently have no students receiving funding include Ahead of time Design, AK Technical Center, Amundsen Education Center, Embry Riddle, Galena City School District and Glenda's Training Center.

Alaska State Education Loan Programs

Alaska Supplemental Education Loans

- Alaska's primary state alternative education loan, as established in 2002 and most recently amended in 2014
- ACPE currently servicing approximately \$307 million in loans
- Currently offered at 6.25% fixed interest
- Eligibility requires residency and credit-worthy borrower or cosigner

Alaska Family Education Loans

- Alaska's alternative to the federal PLUS permits family members to borrow to help pay a student's educational costs
- Currently offered at 6.25% fixed interest
- Eligibility requires residency of borrower and student and an absence of adverse credit history

Federal Family Education Loans (legacy portfolio)

- ASLC FFEL Program Lender from 2002—2009
- ACPE currently servicing approximately \$88.7 million in loans

2015 Alaska Supplemental Education Loan Program Changes

CHANGE TYPE	PREVIOUS	CURRENT
Enrollment Status	<p>Full-Time</p> <ul style="list-style-type: none"> Undergraduate: 12+ semester credits per term Graduate: 9+ semester credits per term Career/Tech: ≥ 30 clock hrs. / week for at least 6 weeks <p>Half-Time</p> <ul style="list-style-type: none"> Undergraduate: 6-11 semester credits per term Graduate: 6-8 semester credits per term Career/Tech: ≥ 15 clock hrs. / week for at least 12 weeks 	<p>On-Time (Undergraduates Only)</p> <ul style="list-style-type: none"> 15+ semester credits per term <p>Full-Time</p> <ul style="list-style-type: none"> Undergraduate: 12-14 semester credits per term Graduate: 9+ semester credits per term Career/Tech: ≥ 30 clock hrs. / week for at least 6 weeks <p>Half-Time</p> <ul style="list-style-type: none"> Undergraduate: 6-11 semester credits per term Graduate: 6-8 semester credits (or equivalent) per term Career/Tech: ≥ 15 clock hrs. / week for at least 12 weeks
Annual Maximum	<p>\$8,500 – Undergraduate</p> <p>\$9,500 – Graduate</p> <p>\$6,500 – Career/Tech Certificate</p>	<p>\$14,000 – OT Undergraduate</p> <p>\$15,000 – FT Graduate</p> <p>\$12,500 – FT Undergraduate</p> <p>\$7,500 – HT Undergraduate / Graduate</p> <p>\$10,000 – Career/Tech Certificate</p>
Lifetime Maximum	<p>\$42,500 – Undergraduate</p> <p>\$60,000 – Lifetime</p>	<p>\$56,000 – Undergraduate</p> <p>\$60,000 – Graduate</p> <p>\$87,000 – Lifetime</p>
Allowable Costs of Attendance	FT & HT: Tuition & Fees; Books, Supplies & Equipment; Room & Board; and Transportation	<p>FT: Unchanged</p> <p>HT: Tuition & Fees; Books, Supplies & Equipment</p>

2015-2016 Rates and Benefits

	Fixed Rate ASEL		Variable Rate ASEL ¹	Fixed Rate ALT Consolidation	Fixed Rate FEL	Fixed Rate PSEP
	In-School	Repayment	Repayment, unless indicated otherwise		In-School and Repayment	Repayment
Base Rate	6.25%	6.25%	2.80% 2.70% ²	6.25%	6.25%	6.25%
Alaska Presence	0.50%	0.50% ³				0.50% ³
Online Auto Pay ³		0.25%	0.25%	0.25%	0.25%	0.25%
Lowest Rate Equivalent in Qualifying Periods	5.75%	5.50%	2.55% 2.70% ²	6.00%	6.00%	5.50%

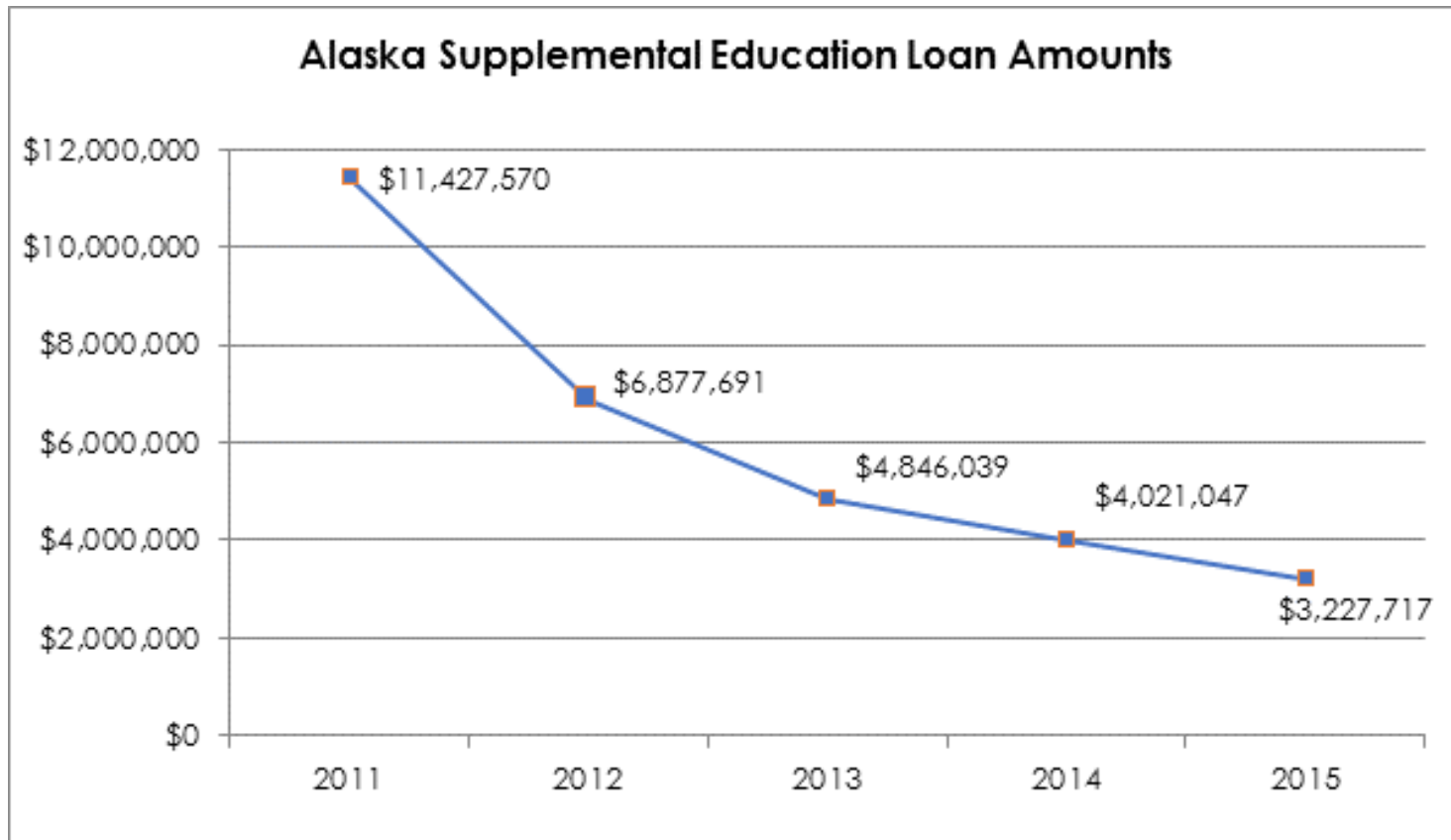
Note: Alaska Education Loan Borrower Benefits are cost reductions, typically applied as quarterly or annual account credits or rate reductions to reduce the borrower-paid costs whenever the Alaska Student Loan Corporation has the financial capacity to do so. **Benefits are variable, meaning that a benefits package is approved and applicable for each program year.** Borrowers who default on their loans forfeit some or all benefits. Alaska Education Loan Borrower Benefits are available only on Alaska Student Loan Corporation loans.

¹No longer originating but rate is reset annually for existing variable rate loans.

²Applicable in-school interest rate.

³Applicable only on loans in repayment not in deferment, forbearance, or past due status.

Alaska State Education Lending



Student Exchange and Specialized Programs

Meeting the Mission – Expanding Access & Reducing Student Expenses

WICHE Exchange Programs

Alaska has participated in the Western Interstate Commission for Higher Education (WICHE) since 1955.

As a member of the West's regional compact (one of five nationally), Alaska residents can participate in any of three student exchange programs

- Western Undergraduate Exchange
- Western Regional Graduate Exchange
- Professional Student Exchange

WICHE Exchange Programs

Western Undergraduate Exchange (WUE)

- Students who are residents of WICHE states are eligible to request a reduced tuition rate of 150% of resident tuition at participating two- and four-year college programs outside of their home state
- In 2014-15, 1,237 Alaska students participated, saving ~\$10.1 million in out-of-state tuition, and 599 out-of-state WUE students attended the University of Alaska

Western Regional Graduate Program (WGRP)

- Master's, graduate certificate, and Ph.D. students who are residents of the WICHE member states may enroll in some 380 high-quality programs at 60 participating institutions outside of their home state and pay resident tuition
- In 2014-2015, Alaska enrolled five out-of-state students (at UAA and UAF) and sent 40 students to participating out-of-state programs

WICHE Exchange Programs

Professional Student Exchange Program (PSEP)

- Alaska operates PSEP as a loan program
- Provides Alaska students with access and potential cost reduction in graduate healthcare programs not available in Alaska
- Fifteen Alaska students participated in 2014-2015, in dentistry, optometry, pharmacy, physical therapy, physician assistant
- Alaska also supports occupational therapy and podiatry
- Overall 59% historical return rate

WWAMI/Winn Brindle Memorial Education Loans (WB) (non-ASLC loans)

WWAMI loans are the portion of state-paid support costs participants must repay if they fail to practice medicine in Alaska

- ACPE services approximately \$10.6 million or 528 WWAMI loans

Winn Brindle loans are funded by fisheries businesses' donations for which the businesses may receive a partial corporate tax credit

- Applicants must be enrolled in a fisheries-related educational program
- WB loans carry a fixed 5% interest rate and recipients may receive up to 50% forgiveness if they earn their degree
- ACPE services approximately \$3.5 million or 381 WB loans
- Cash of approximately \$4.4 million available in a revolving loan fund

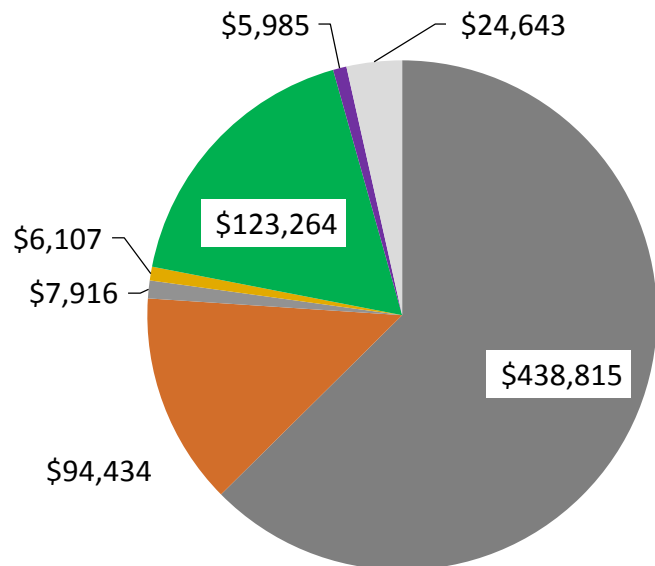
Loan Financing

Underwriting the Costs of Mission-Related Services

ASLC Loan Portfolio

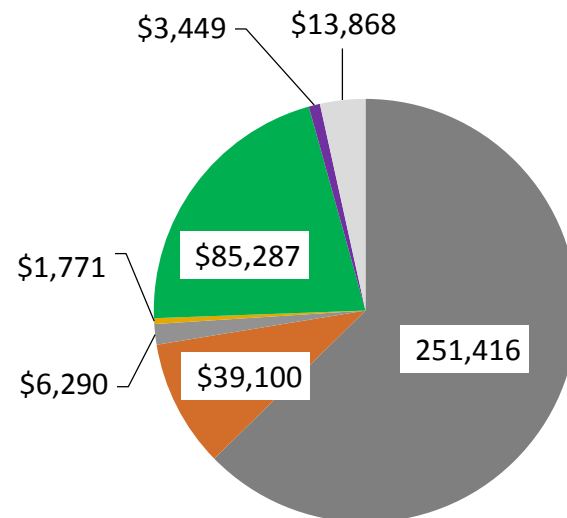
(principal balance in thousands)

June 30, 2009

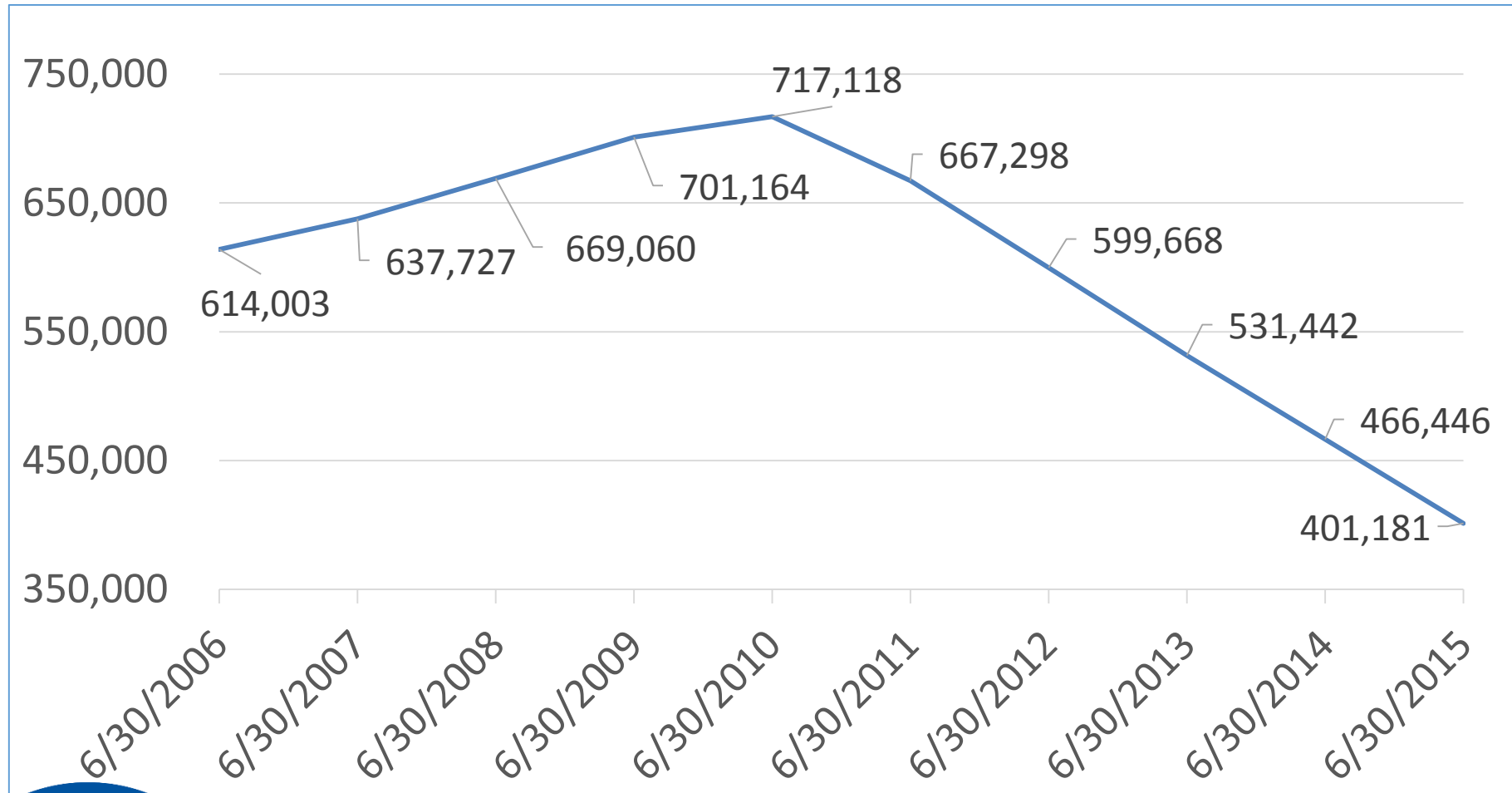


June 30, 2015

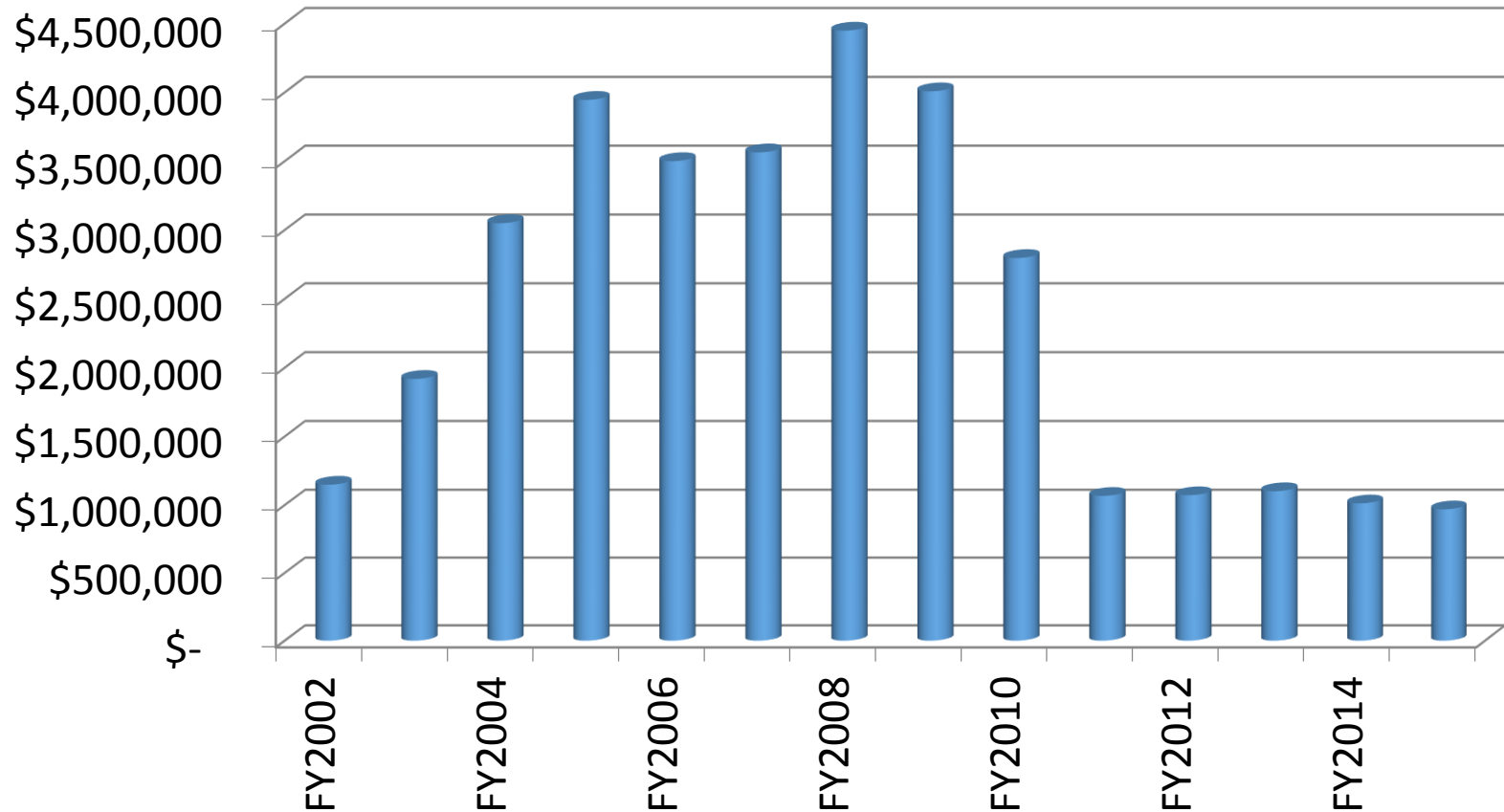
- Alaska Supplemental Education
- Alaska Consolidation
- Teacher Education
- Family Education
- Stafford
- PLUS
- Federal Consolidation



Loan Portfolio Run Off (principal in thousands)



Borrower Benefits Awarded (\$33.6 million ITD)



Capital Returned to the State

Annual Dividends paid by Fiscal Year

2001	\$	2,200,000
2002		4,000,000
2003		5,250,000
2004		5,000,000
2005		5,600,000
2006		3,100,000
2007		1,900,000
2008		1,200,000
2009		4,100,000
Thereafter		-
Total Dividends		<u>32,350,000</u>

Bond Proceeds and Earnings

2004 Capital Project Revenue	74,987,280
2004 Capital Project Earnings	4,500,000
2005 State Projects Revenue	<u>84,994,282</u>
Total Bond Proceeds and Earnings	<u>164,481,562</u>

Total Return of Capital	<u><u>\$ 196,831,562</u></u>
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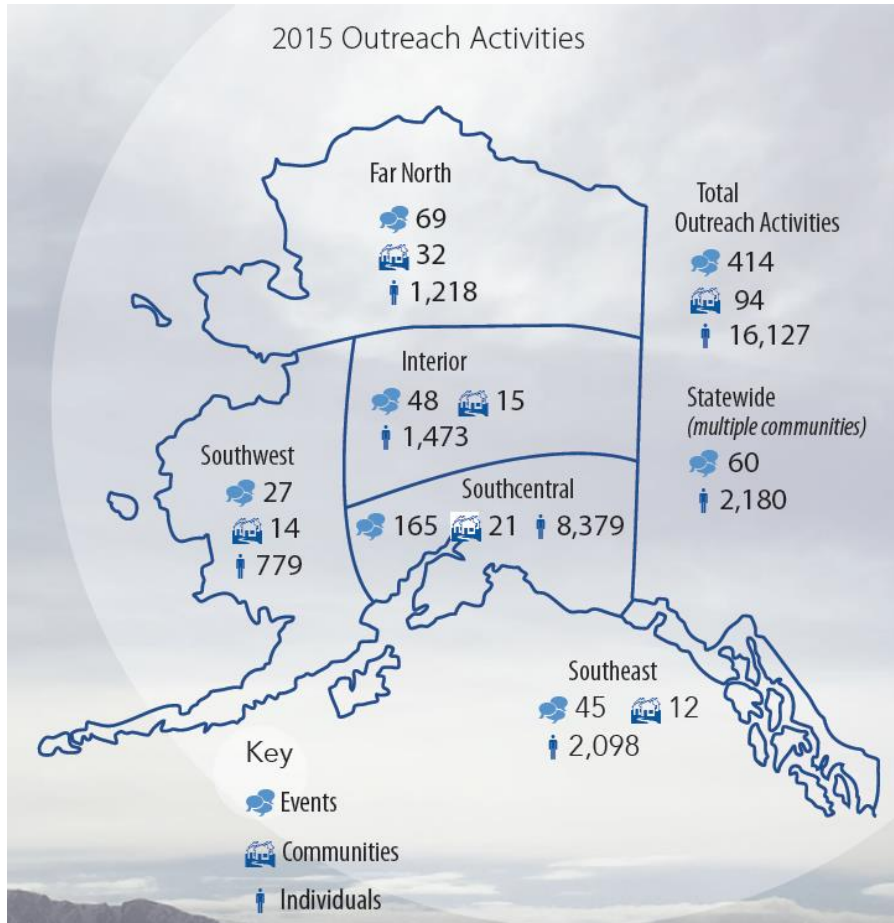
Higher Education Planning & Success Programs

Meeting the Mission – Resources for Accessing Education and Training

Outreach and Early Awareness

- Builds knowledge and assists public on how to access higher education and career training
- Promotes Learning & Career Plan development
- Educates Alaskans on how to access maximum federal financial aid, and to understand available state aid
- Focuses on Partnership:
 - Avoids duplication of effort by collaborating with postsecondary, secondary, non-profit, and private industry partners
 - Actively promotes increased cross-sector collaboration: for past two years, used federal grant funds to develop the Alaska Postsecondary Access & Completion Network (*registered as an independent non-profit corporation on Jan 29, 2016*)
- Leverages external funding: using match provided by ASLC, in FY16, ~63% of costs covered through federal or private sources

Outreach and Early Awareness



Information & Planning Support

higher education & financial aid planning workshops, presentations, and events

- 16,127 Individuals Served in FY15
 - Partner-supported events
 - Distance-delivered events
 - In-person events (*reduced from FY14*)
- 87% of financial aid night attendees say the information is useful to them
- 77% of attendees identify a resource they were previously not aware of that will help them achieve education/training

Outreach and Early Awareness

Alaska Career Information System

a cost-effective online platform providing comprehensive career, education, and financial aid information & interactive planning tools

- 149,141 logins in FY15
- 106 training sessions (incl. distance-delivered) to educators and end users
- Active in all 54 school districts
- 306 individual sites
- 80% of districts report AKCIS is their PLCP development tool

Alaska College & Career Advising Corps

places recent college graduates in “service learning” positions in high schools to assist students with career and postsecondary planning

- In 11 school districts
 - Embedded Guides
 - Blended In-Person/Distance
 - Distance-Only
- Average 6% higher postsecondary enrollment rates after program introduction
- FY16: Fully federally funded
- FY17: Scaled-back program leveraging private & local community funds

Outreach and Early Awareness

Assist with Federal Financial Aid Access

activities and information to ensure eligible Alaskans take advantage of available federal dollars to fund postsecondary education & training

- FY15 College Goal Alaska: 56 FAFSA completion events in 36 communities served 781 individuals
 - 90% of attendees rated the assistance received worth attending
- Online & print awareness materials promote FAFSA completion
 - From FY07 to FY15, records show a 44% increase in Alaska FAFSAs filed
 - In FY14*, students at Alaska institutions received nearly \$41 million in Pell Grant funds

State Financial Aid Awareness

multi-modal campaigns to ensure Alaskans' awareness of the State investment in workforce education and to prepare them to utilize it

- Statewide, multi-agency communications to raise APS awareness and literacy
 - APS progress monitoring tools
 - APS.alaska.gov, listserv, and webinars
- Loan program awareness to ensure students understand state options
 - Online and print awareness materials
 - Outreach to Alaska and WASFAA Financial Aid offices
 - Financial Literacy to help students make informed choices

** most recently available data*

ANSWERS—Education and Training Outcomes Reporting

- Enables Alaska's policy makers to direct limited budget dollars to programs based on Alaska-specific evidence of what works, allowing education and workforce administrators to see more clearly where and how best to deploy limited state resources
- Provides a mechanism for increased accountability related to the investment of private, state, and federal funds
- Provides rich resource for research and analysis related to Alaska's policies and practices around P-20 education and workforce training outcomes

Education Outcomes Research

Meeting the Mission - Informing Policy and Practice and Building Capacity for Accountability

Program Integrity/Consumer Protection

Components include:

- Approval and oversight of postsecondary education institutions in Alaska
- Investigation of student complaints
- Audit of institutions administering Alaska financial aid
- Supervision of institutional closures
- Retention of closed school academic records
- Liaison with accrediting bodies and USDOE
- State portal agency for Alaska participation in the State Authorization Reciprocity Agreement network (SARA)

Recent events at the federal level resulted in substantial increase in work associated with review of institutions from outside the state who deliver programs of study in an online or other distance delivery mode

Institutional Regulation

Meeting the Mission - Institution Approval, Oversight, and Consumer Protection

State Authorization Reciprocity Agreement (SARA)

Responsibilities and Benefits

- Voluntary network of states (through regional compacts), coordinated by a national council, designed to provide a process for accredited, degree-granting institutions approved in their home state to offer distance education across state lines
 - Enhances student access to online courses offered by institutions in another state
 - Enables Alaska institutions to offer distance education to students in other states
 - Provides more efficient vehicle for states to meet federal requirement to be authorized in each state where a student receives federal financial aid
 - Ensures education consumer protection for distance education students at SARA-approved institutions
- ACPE coordinates SARA activities in Alaska
 - Approves institutions applying to participate and monitors compliance
 - Ensures student consumer protection and investigates student complaints
 - Provides annual reporting
- Alaska institutions participating in SARA
 - UAS, UAF, and Charter College
 - APU application now in review process