

Alaska Commission on Postsecondary Education  
Alaska Student Loan Corporation

**House Finance Education Subcommittee**

**February 20, 2016**

# Alaska Commission on Postsecondary Education

## Alaska Student Loan Corporation

### Alaska Statutes

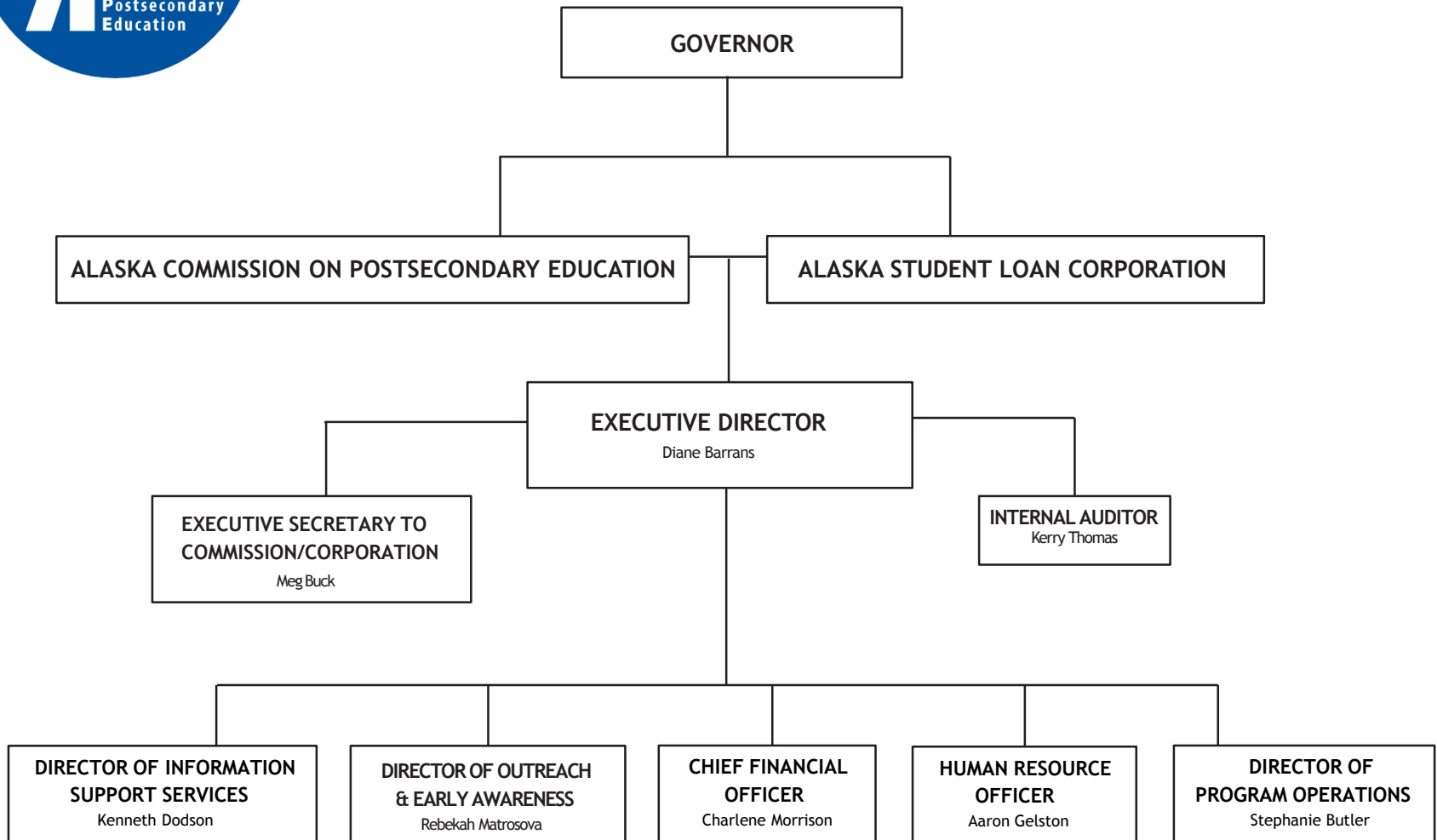
- Commission statutory authority: AS 14.42.010-055 (est. 1974)
- Corporation statutory authority: AS 14.42.100-990 (est. 1987)
- Financial aid programs and services: AS 14.43.091-990 and AS 14.44.010-060 (est. 1971)
- Regulation of postsecondary education institutions: AS 14.48.010-210 (est. 1976)
- 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

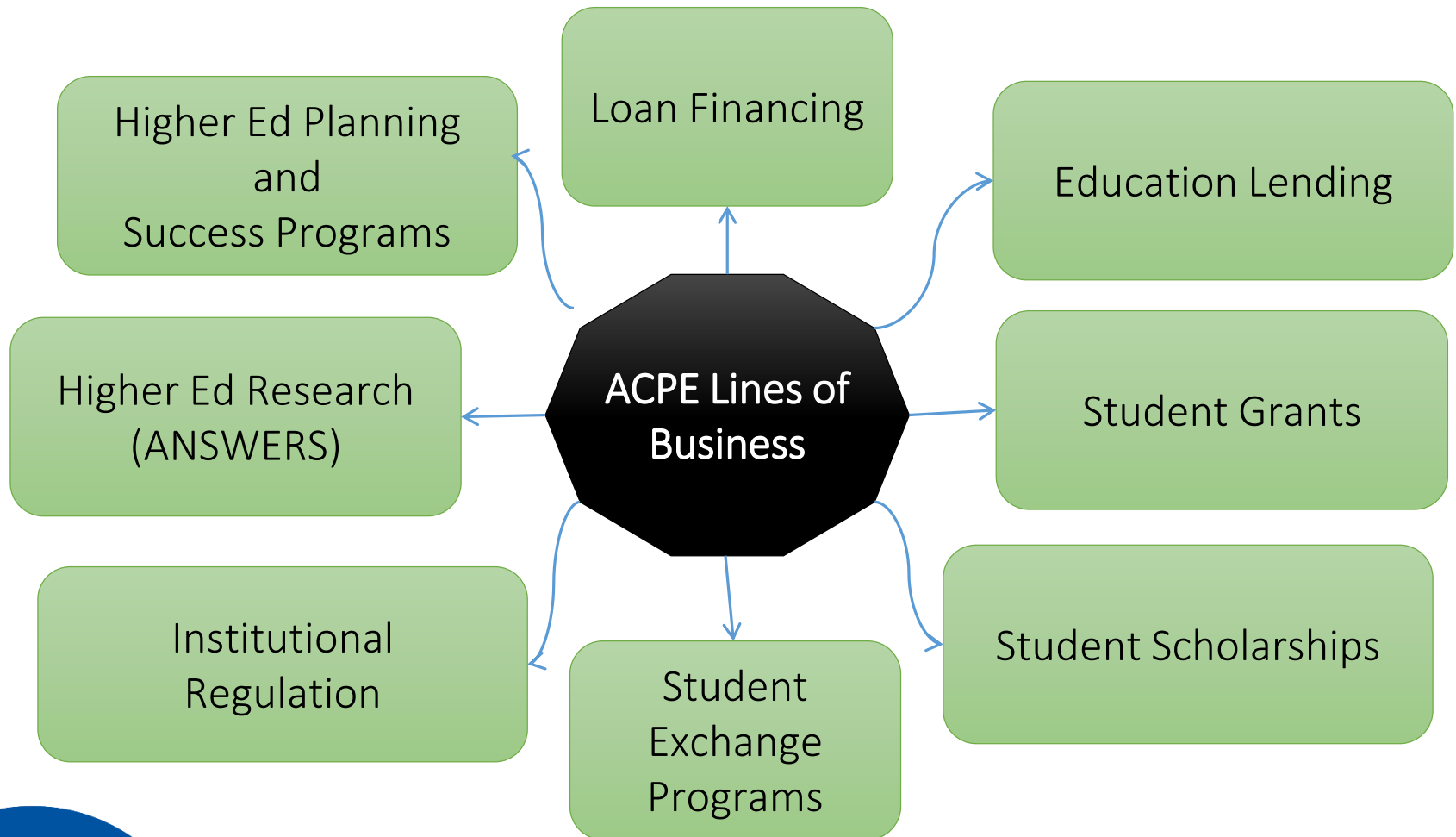
- Commissioner of Administration; Designee John Boucher
- Commissioner of Commerce, Community and Economic Development; Designee Jim Andersen
- Commissioner of Revenue; Designee Jerry Burnett
- Two ACPE members; Chair Randy Weaver and, previously, Jim Johnsen

## 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

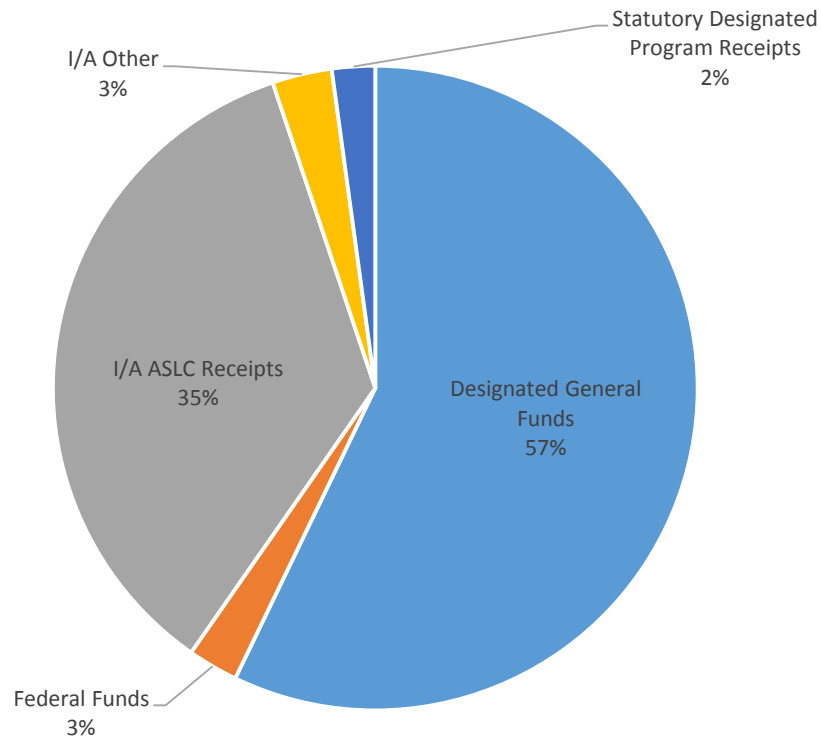
## ACPE Business Lines (Core Services)





# 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%
<b>Total</b>	<b>20,347.6</b>	<b>900.0</b>	<b>12,518.0</b>	<b>1,066.0</b>	<b>770.0</b>	<b>35,601.6</b>	<b>100%</b>



## 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
<b>Totals</b>	<b>1,534</b>	<b>\$2,111,739</b>	<b>3,071</b>	<b>\$5,519,282</b>

\*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
<b>Enrollment Status</b>	<p>Full-Time</p> <ul style="list-style-type: none"> <li>Undergraduate: 12+ semester credits per term</li> <li>Graduate: 9+ semester credits per term</li> <li>Career/Tech: <math>\geq 30</math> clock hrs. / week for at least 6 weeks</li> </ul> <p>Half-Time</p> <ul style="list-style-type: none"> <li>Undergraduate: 6-11 semester credits per term</li> <li>Graduate: 6-8 semester credits per term</li> <li>Career/Tech: <math>\geq 15</math> clock hrs. / week for at least 12 weeks</li> </ul>	<p>On-Time (Undergraduates Only)</p> <ul style="list-style-type: none"> <li>15+ semester credits per term</li> </ul> <p>Full-Time</p> <ul style="list-style-type: none"> <li>Undergraduate: 12-14 semester credits per term</li> <li>Graduate: 9+ semester credits per term</li> <li>Career/Tech: <math>\geq 30</math> clock hrs. / week for at least 6 weeks</li> </ul> <p>Half-Time</p> <ul style="list-style-type: none"> <li>Undergraduate: 6-11 semester credits per term</li> <li>Graduate: 6-8 semester credits (or equivalent) per term</li> <li>Career/Tech: <math>\geq 15</math> clock hrs. / week for at least 12 weeks</li> </ul>
<b>Annual Maximum</b>	<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>
<b>Lifetime Maximum</b>	<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>
<b>Allowable Costs of Attendance</b>	FT & HT: Tuition & Fees; Books, Supplies & Equipment; Room & Board; and Transportation	<p>FT: Unchanged</p> <p>HT: Tuition &amp; Fees; Books, Supplies &amp; Equipment</p>

# 2015-2016 Rates and Benefits

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

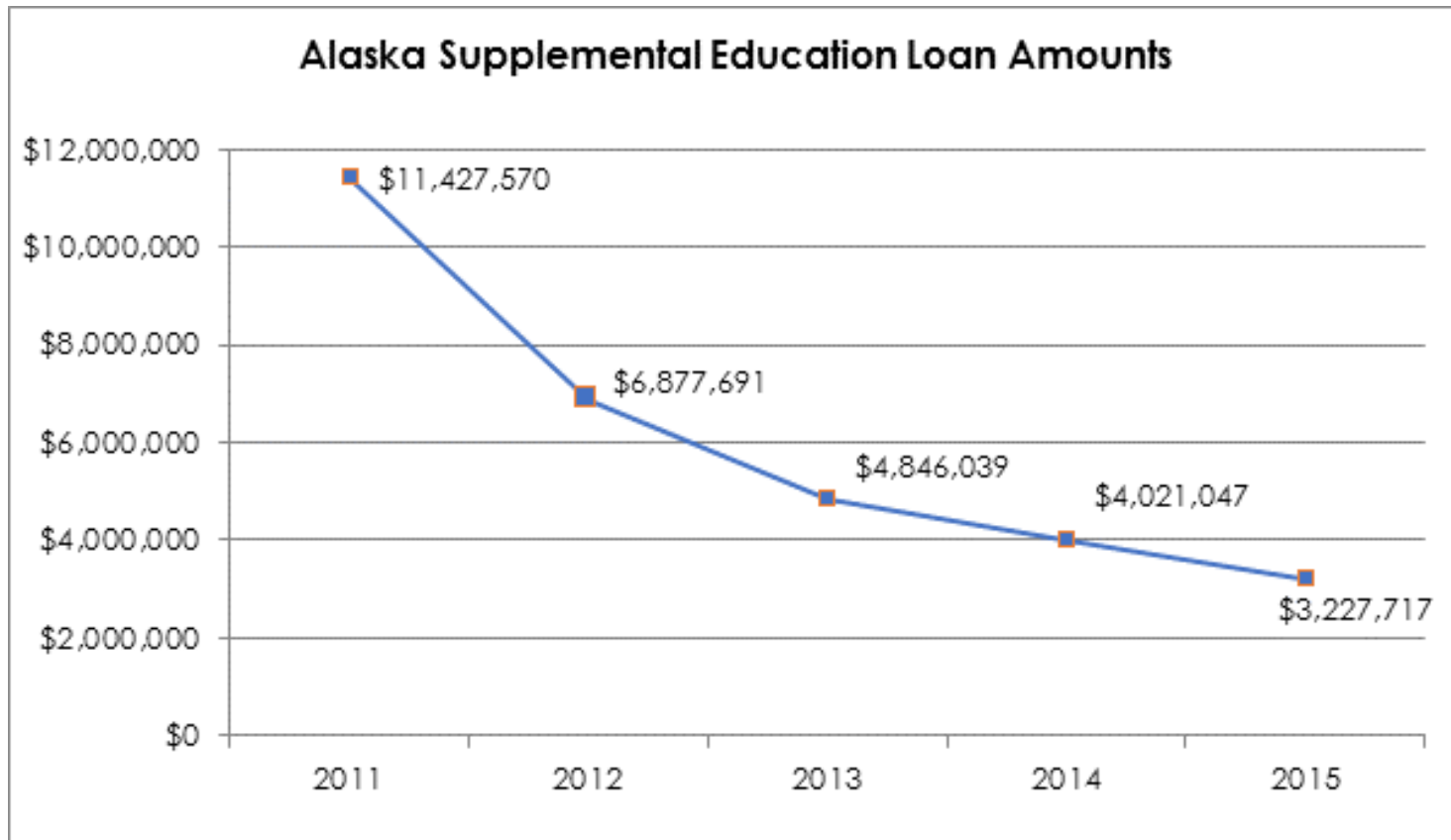
**Note:** Alaska Education Loan Borrower Benefits are cost reductions, typically applied as quarterly or annual account credits or rate reductions to reduce the borrower-paid costs whenever the Alaska Student Loan Corporation has the financial capacity to do so. **Benefits are variable, meaning that 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.

<sup>1</sup>No longer originating but rate is reset annually for existing variable rate loans.

<sup>2</sup>Applicable in-school interest rate.

<sup>3</sup>Applicable 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



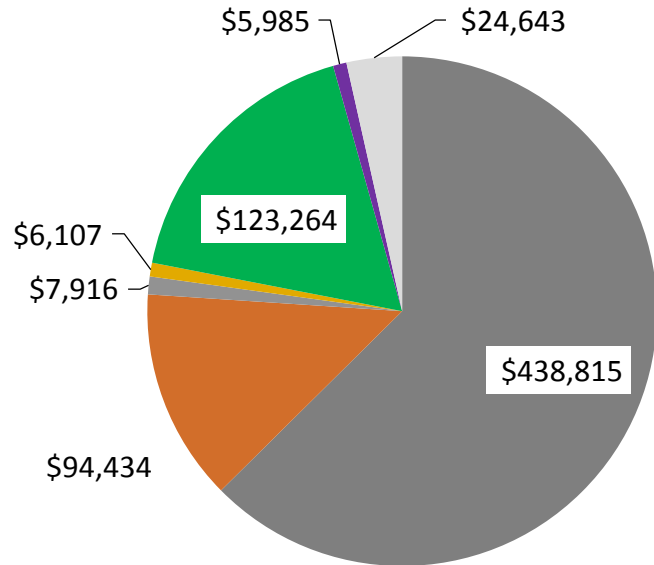
# Loan Financing

Underwriting the Costs of Mission-Related Services

# ASLC Loan Portfolio

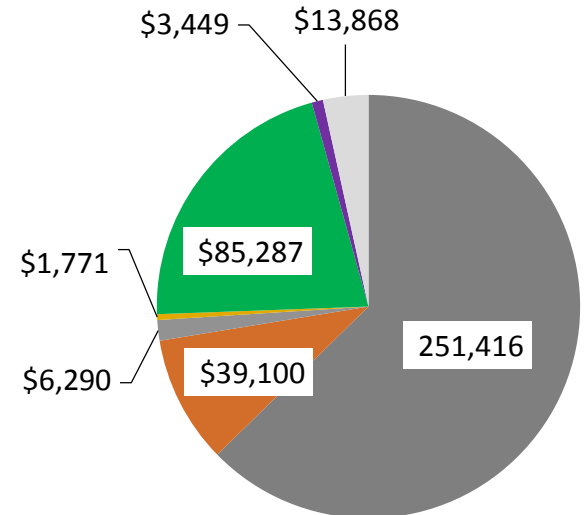
(principal balance in thousands)

**June 30, 2009**

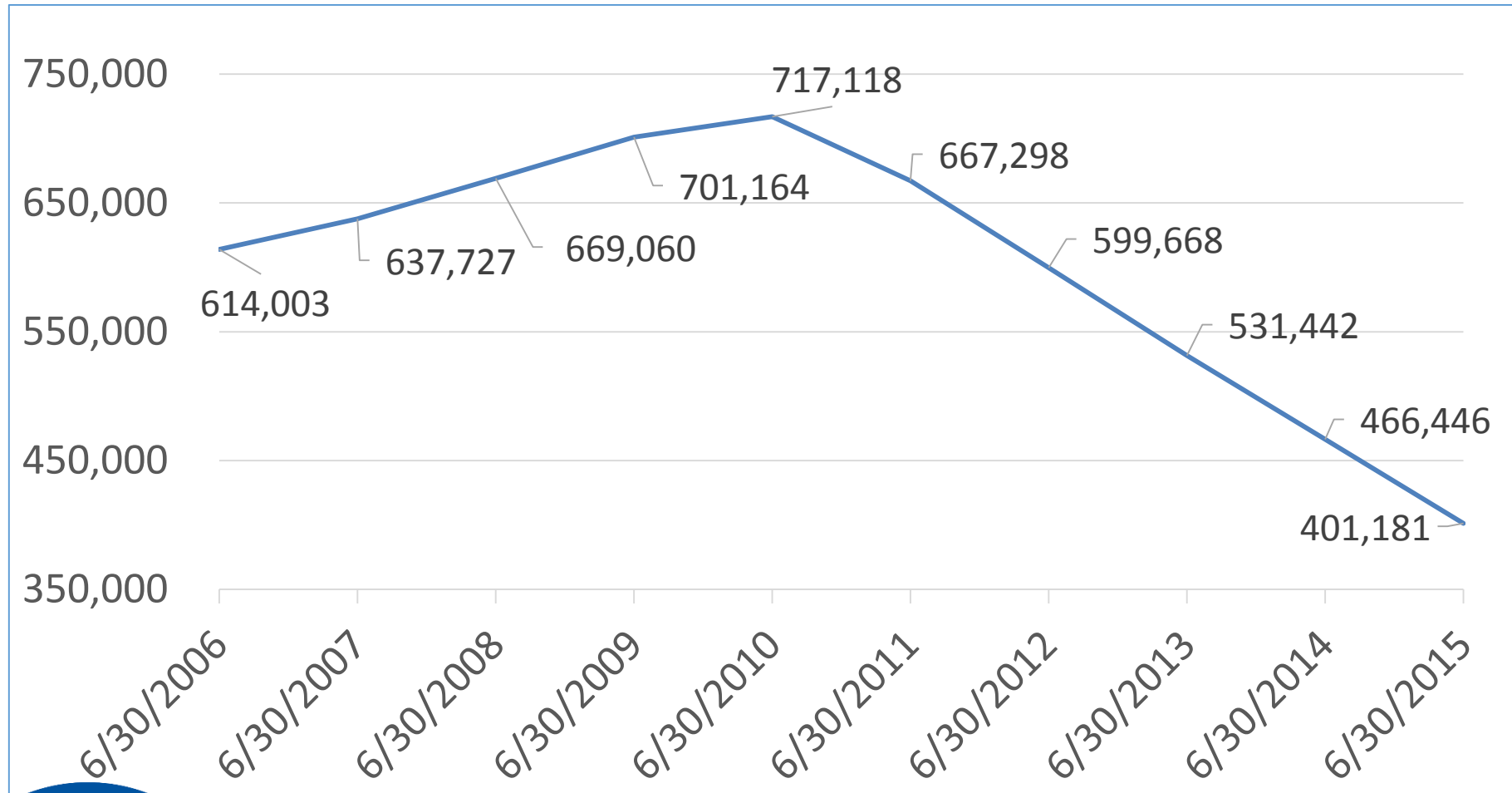


**June 30, 2015**

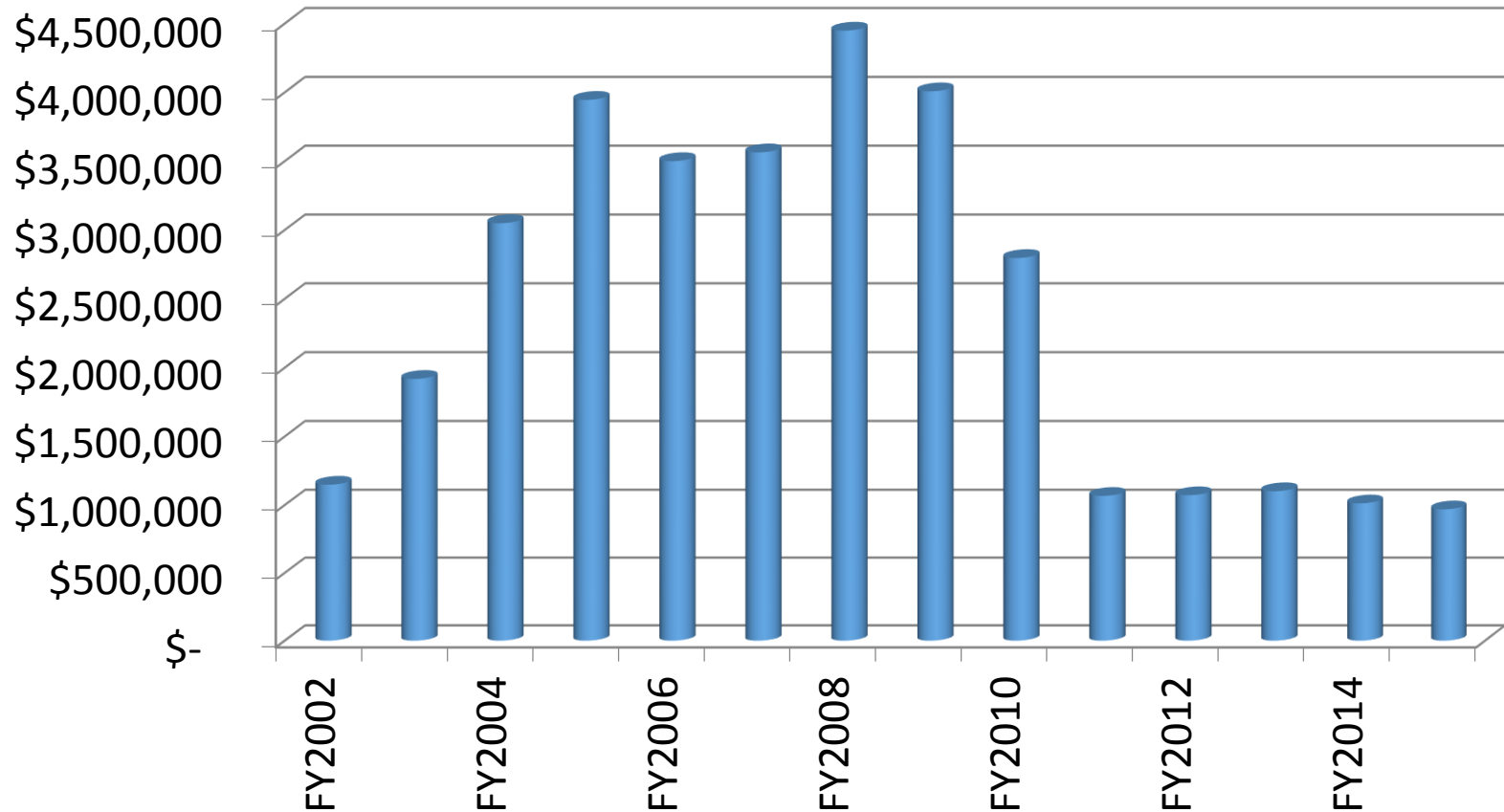
- Alaska Supplemental Education
- Alaska Consolidation
- Teacher Education
- Family Education
- Stafford
- PLUS
- Federal Consolidation



## Loan Portfolio Run Off (principal in thousands)



## Borrower Benefits Awarded (\$33.6 million ITD)



# Capital Returned to the State

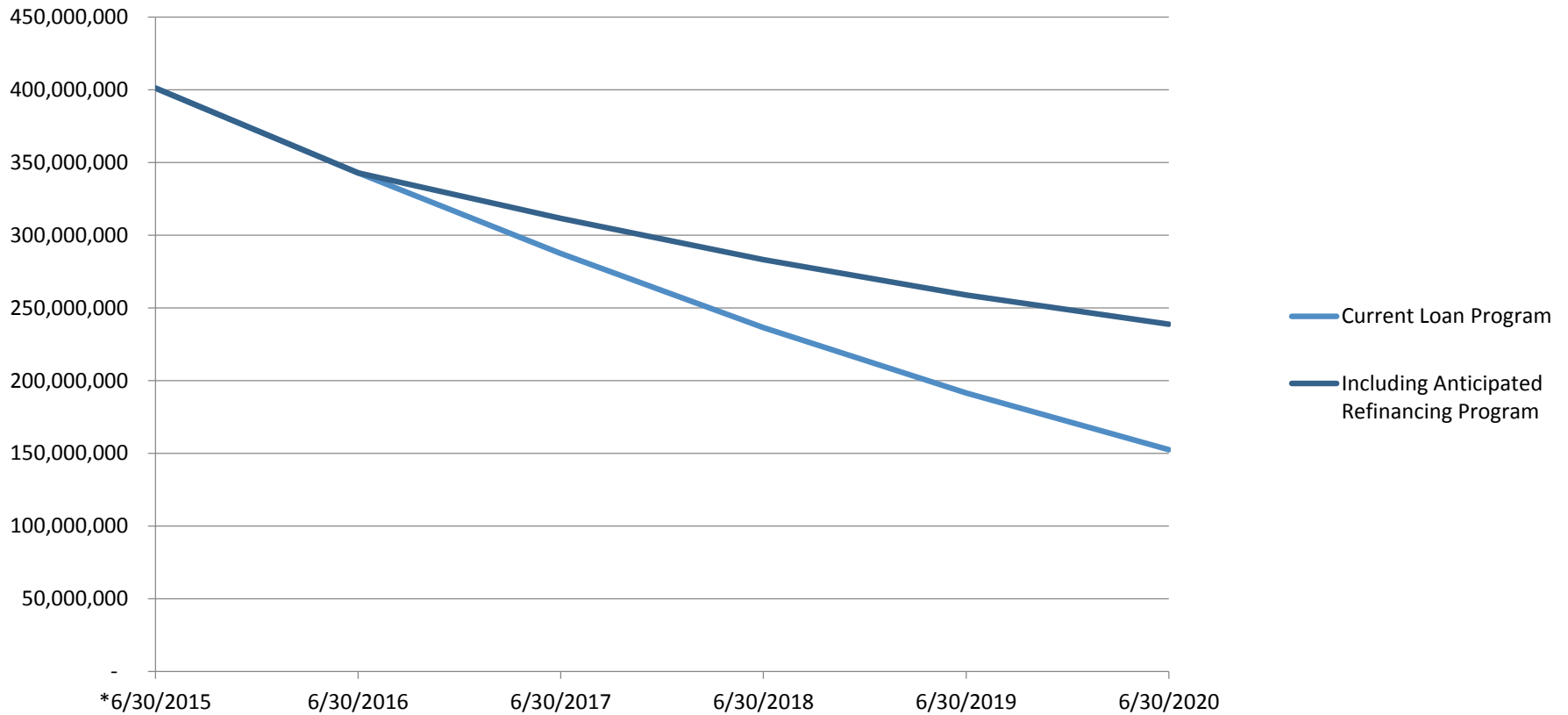
## Annual Dividends paid by Fiscal Year

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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# ASLC Loan Portfolio Five-Year Runoff

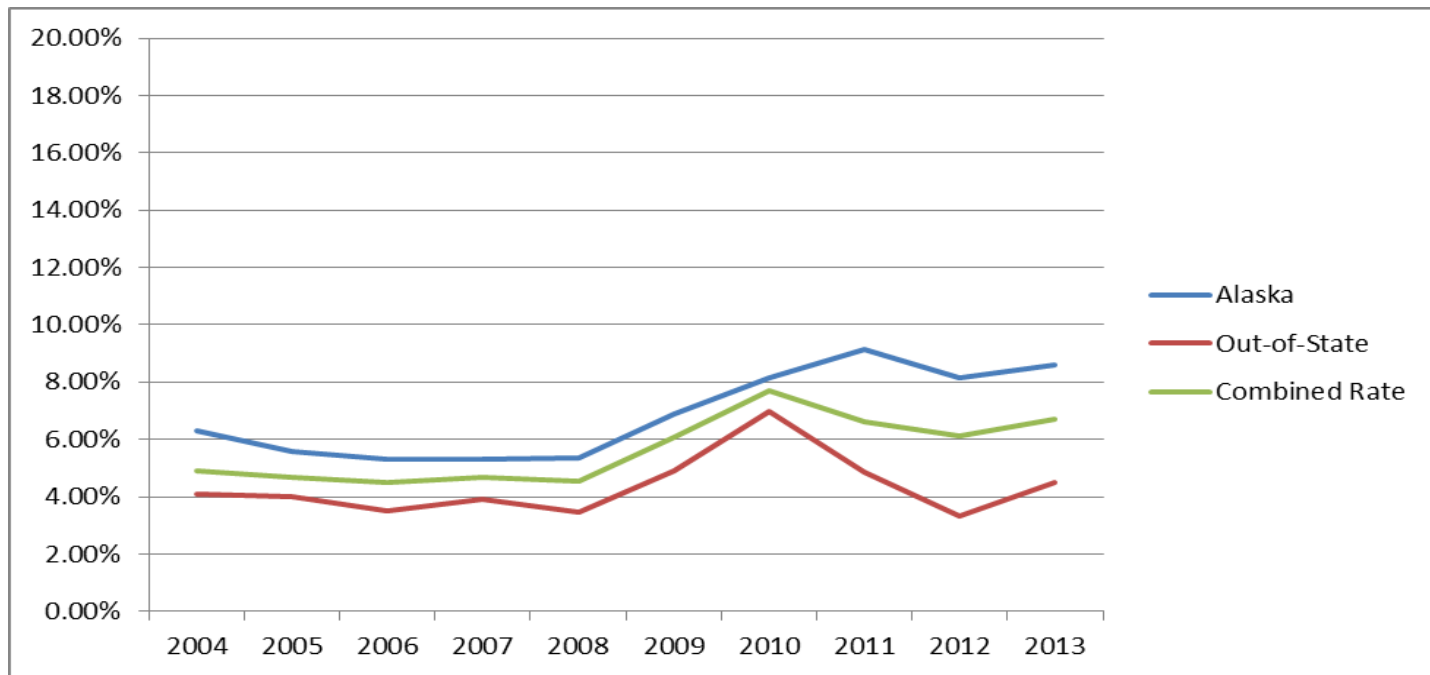


Alaska Student Loan Corporation		
Loan Portfolio Balance Projections		
	Current Loan Program	Includes Anticipated Refinancing Volume
*6/30/2015	401,181,000	401,181,000
6/30/2016	342,778,620	342,778,620
6/30/2017	287,483,301	311,579,318
6/30/2018	236,536,594	283,122,551
6/30/2019	191,494,277	258,881,928
6/30/2020	152,428,209	238,844,342

# Alternative Loan Default Rates

**Institutional Cohort Default Rate (CDR)**

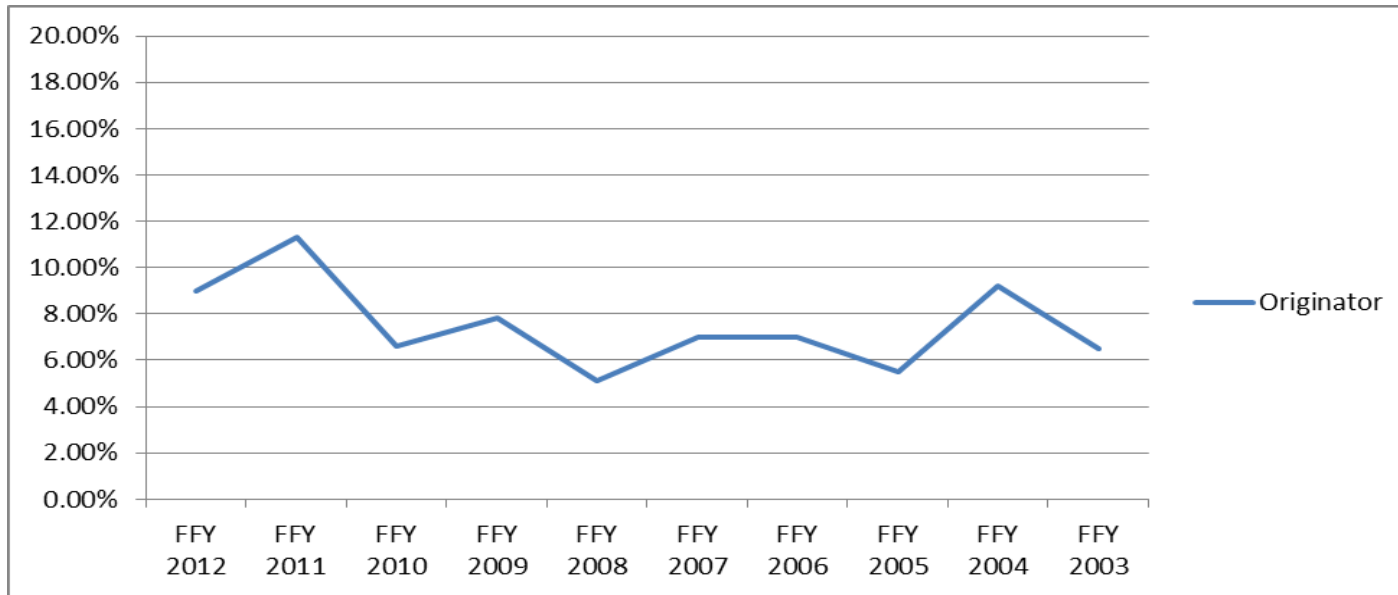
Institutional Location	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Alaska	6.30%	5.60%	5.30%	5.29%	5.34%	6.88%	8.13%	9.15%	8.15%	8.60%
Out-of-State	4.10%	4.00%	3.50%	3.93%	3.45%	4.90%	6.96%	4.87%	3.32%	4.52%
Combined Rate	4.90%	4.70%	4.50%	4.68%	4.56%	6.08%	7.69%	6.61%	6.14%	6.72%



- The loan cohort default rate is the percentage of loans entering repayment during a particular calendar year and default (180 days or more delinquent) prior to the end of the next calendar year.

# ASLC Federal Loan Cohort Default Rate

	FFY 2003	FFY 2004	FFY 2005	FFY 2006	FFY 2007	FFY 2008	FFY 2009	FFY 2010	FFY 2011	FFY 2012
Originator	6.50%	9.20%	5.50%	7.00%	7.00%	5.10%	7.80%	6.60%	11.30%	9.00%

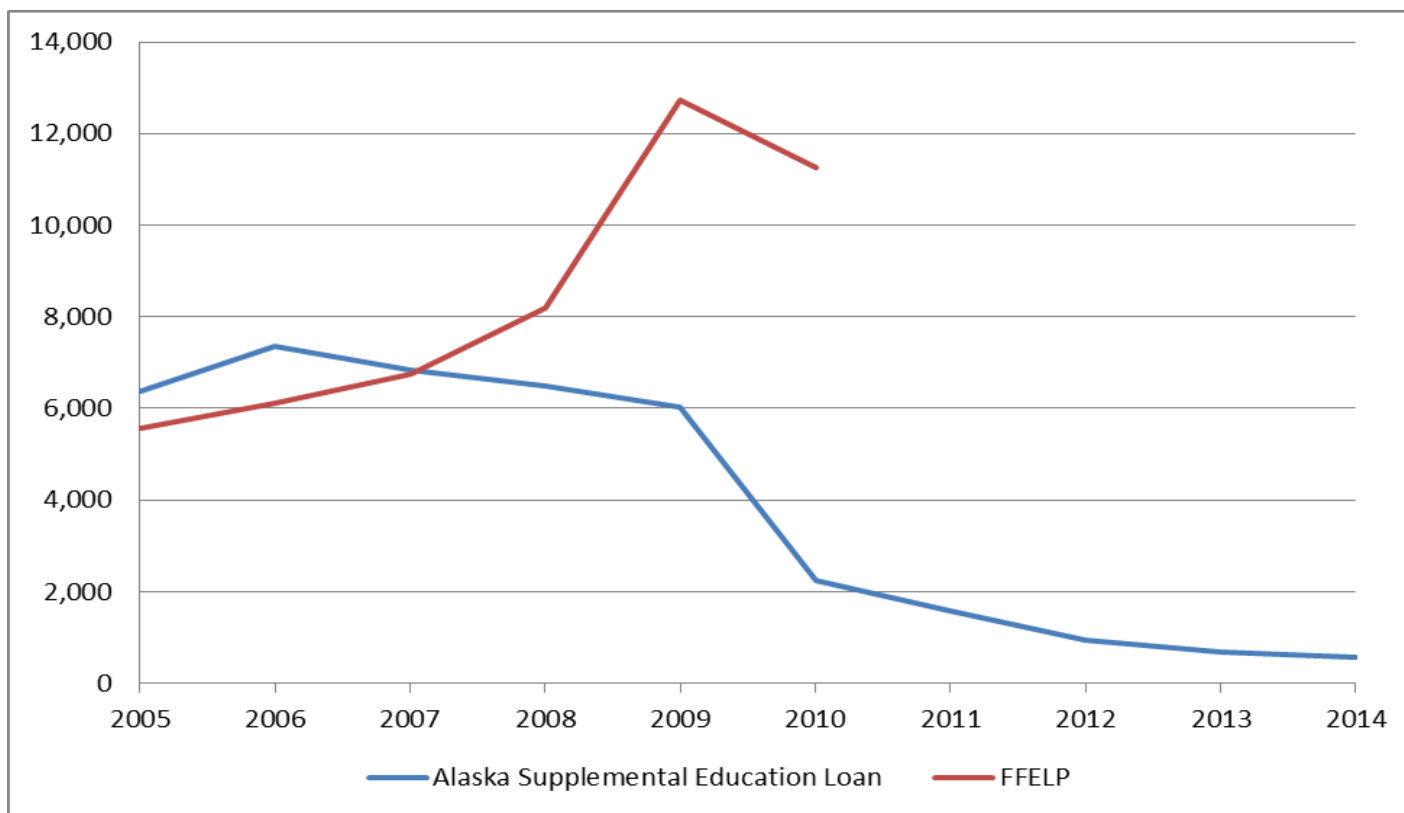


The federal cohort default rate is the percentage of loans entering repayment during a particular federal fiscal year (FFY), October 1 to September 30, and defaulting (270 days delinquent) prior to the end of the next fiscal year. \*Starting in FFY 2011, cohort default rates are calculated using a 3-year cohort. Prior years calculated a 2-year cohort and are therefore not comparable.



## Annual Number of Loans by Program (ASEL/FFEL)

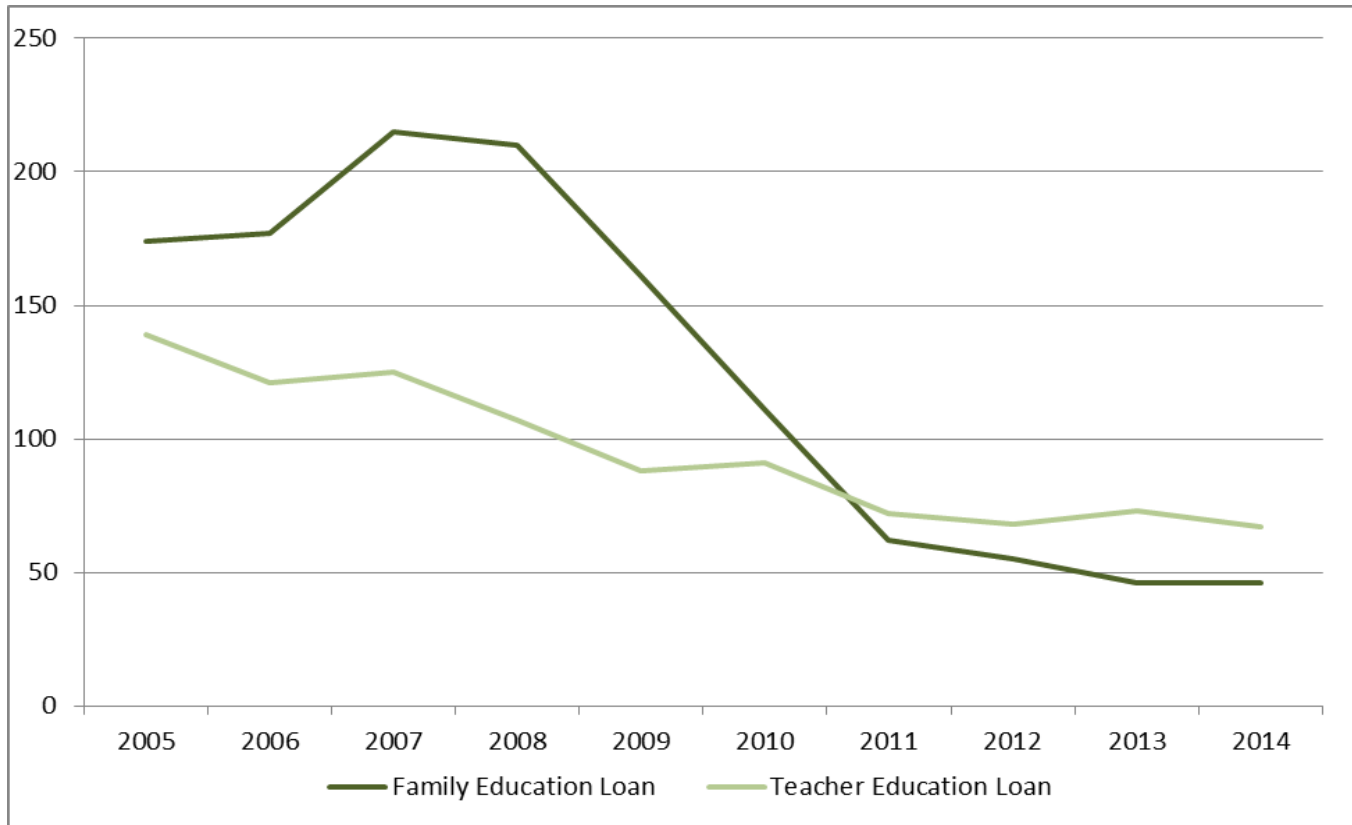
Program	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
Alaska Supplemental Education Loan	6,362	7,347	6,837	6,494	6,037	2,244	1,572	953	683	551
FFELP	5,551	6,105	6,752	8,182	12,736	11,270	0	0	0	0
Total	11,913	13,452	13,589	14,676	18,773	13,514	1,572	953	683	551



\*Lender-based FFEL Program converted to Federal Direct Loans in 2010

# Annual Number of Loans by Program (FEL/TEL)

Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Family Education Loan	174	177	215	210	161	111	62	55	46	46
Teacher Education Loan	139	121	125	107	88	91	72	68	73	67



# Higher Education Planning & Success Programs

Meeting the Mission – Resources for Accessing Education and Training

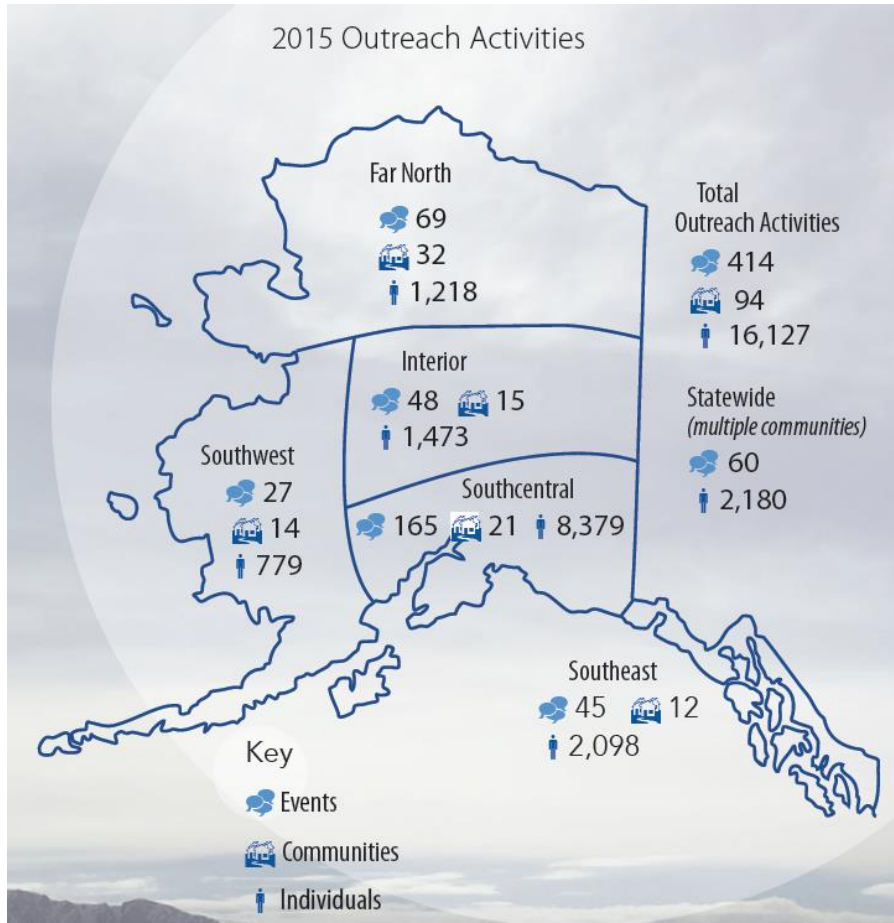
# Higher Education Planning & Success Programs

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*



# Education Outcomes Research

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

# ANSWERS—Education and Training Outcomes Reporting

- Supports ACPE's mission—has potential to increase program impacts and improve outcomes for Alaskans receiving agency services
- 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

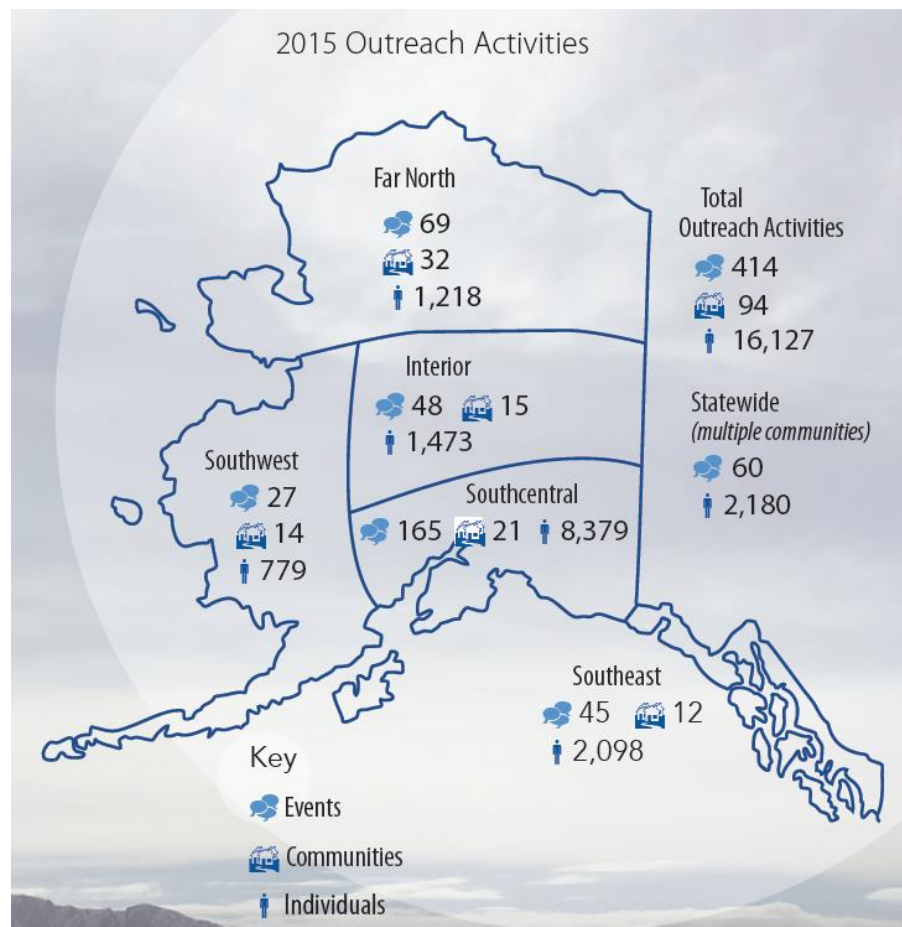
# Institutional Regulation

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

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  - Financial Literacy to help students make informed choices

*\* most recently available data*

# Education Outcomes Research

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



# 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

# Institutional Regulation

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

# 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

# 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