

2020 Update: Higher Education in Alaska

Alaska Commission on Postsecondary Education
Alaska Student Loan Corporation
January 29, 2020

Sponsored by: Senator Gary Stevens



Agenda

1. Introductions – Patricia Nickell-Zimmerman, Executive Secretary
2. Mission and Structure – Stephanie Butler, Executive Director
3. What's happening in Higher Education in Alaska in 2020 – Kerry Thomas, Director of Operations
4. What's Happening at ACPE in 2020 - Stephanie Butler, Executive Director
5. Questions and Answers

Agency Structure

The Mission

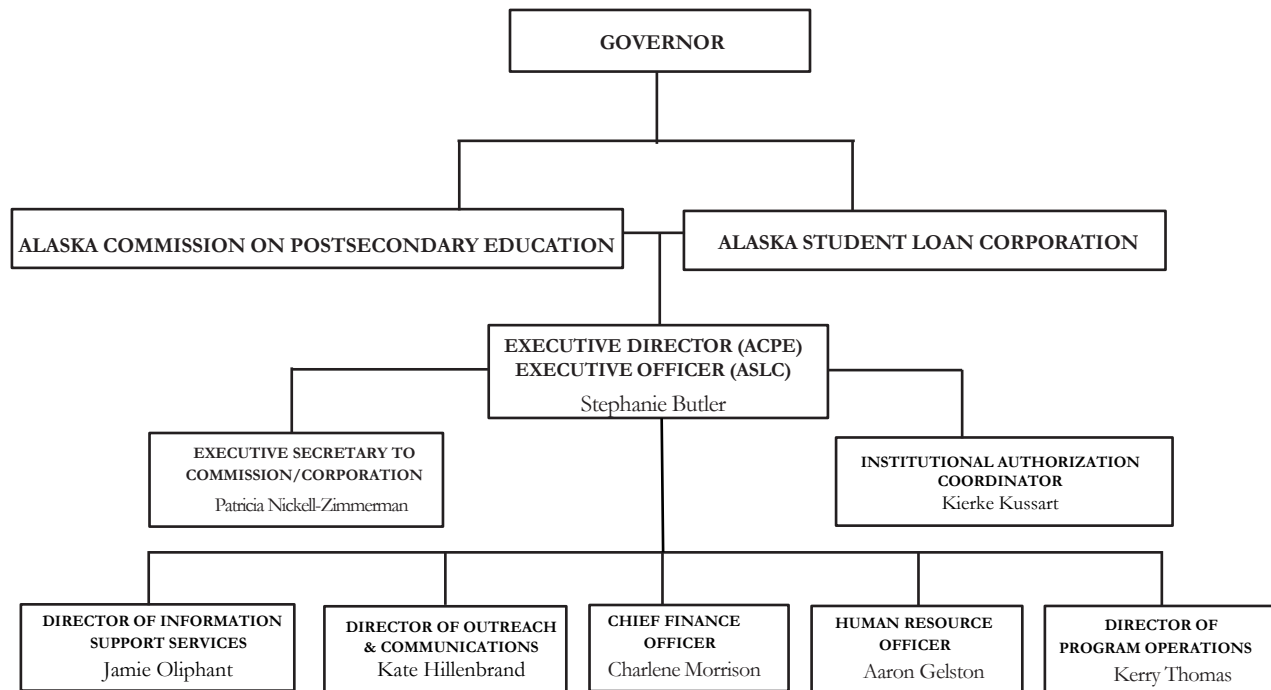
Alaska Commission on Postsecondary Education (ACPE), funded by the Alaska Student Loan Corporation (ASLC), supports Alaskans' access to and success in postsecondary education and career training after high school.

- Education planning tools and resources
- Financial aid for college and career training
- Education consumer protection
- Research and analysis

Commission Responsibilities and Authorities

- Coordinate development of plans for public and private postsecondary education, including community colleges and occupational education and advise the governor, the legislature, and institutional governing boards
- Administer state financial aid programs and interstate compacts (WICHE and WWAMI)
- Authorize operation of non-public postsecondary education
- Liaison with US Department of Education re: postsecondary education
- Provide centralized higher education and financial aid information to Alaska students

Agency Organization



2020 Agency PCNs

Anchorage	15
Juneau	<u>63</u>
Total	78

Commission Structure Overview

Fourteen Member Commission

Alaska Workforce Investment Board (1)	Board of Education and Early Development (1)
Community College (1)	Full-Time Student (1)
General Public (4)	Private Higher Education (1)
Proprietary Higher Education (1)	State House of Representatives(1)
State Senate (1)	University of Alaska Board of Regents (2)

- Membership composition set out in statute
- Funded by the Alaska Student Loan Corporation

Alaska Student Loan Corporation (ASLC)

ASLC Mission

Operates as an enterprise agency of the State of Alaska, funding and facilitating the Alaska Student Loan Program and the related work of the Alaska Commission on Postsecondary Education.

ASLC Structure Overview

Five Member Board

Commissioner of Administration
Commissioner of Revenue
Commissioner of Commerce, Community & Economic Development
Two ACPE Commissioners representing general public

- Generate program funding by issuing debt
- Oversee investments, trusts and indentures
- Set loan terms and benefits
- Commission employees serve as staff for Corporation (no PCNs assigned to ASLC)
- Statute designates Commission Executive Director as Corporation Executive Officer

Commission Relationships with Other Alaska Organizations

- Alaska Student Loan Corporation
 - Public corporation and government instrumentality
 - Legal existence independent and separate from the state
 - Cannot be dissolved while bonds are outstanding
 - State has agreed in statute not to compromise ability to repay bonds
- Department of Education and Early Development (DEED)
 - Resides within DEED for budget and administrative purposes only
 - Statutes set out neither ACPE nor ASLC are subject to the direction of the Commissioner or the Board of Education
- Institutions of Higher Education
 - Authorizes operation of non-public institutions (college and CTE)
 - Shares SHEEO and WICHE commissioner roles with UA
 - Authorizes state distance education reciprocity agreements

What's Happening in Higher Education in Alaska

2020

Why is planning for higher education important?

- Alaska rankings:
 - Lowest rate of college completion in the nation
 - College completion rate for low-income students twice as low as next lowest state
 - 1st in the nation of residents with some college and no degree
 - 50th in the nation for statewide postsecondary graduation rate
 - 46th in the nation for public high school graduation rate
- 65% of Alaska's good paying jobs in 2025 will require a postsecondary credential
- Alaska FAFSA-filing rate lowest in nation at 39%
- Lack of alignment between K-12 graduation and college preparedness
- Federal financial aid does not fully meet Alaska students' needs

Trending in Alaska

- Alaska high school graduates less prepared for college or career
 - 66% below proficient in English/Language Arts
 - 72% below proficient in Mathematics
 - APS eligibility declining
- College enrollment declines
 - Early indications of increases in out-of-state enrollments
 - Large population enrolled in out-of-state distance education programs
 - Undergraduate public in-state enrollment down over 11% in 2019
 - Significant decreases in Alaska Performance Scholarship usage
 - Budget reductions at University of Alaska
- Increasing gaps in Alaska hire options
 - No movement in progress to 65x2025 goal
 - Upside down pipeline: younger workforce less educated than retirees
 - Alaska lacks mechanism to measure CTE outcomes at state level

Alaska Higher Education Successes

- Second lowest debt in the nation after postsecondary graduation
- Third lowest tuition and fees in the nation for public 4-year university
- Robust state higher education financial aid programs
 - Alaska Performance Scholarship
 - Alaska Education Grant
 - UA Scholars
 - Alaska student loan programs
- Engaged education leadership
- Strong public university system



Leveraging Opportunities

- Engaging employers
 - Supporting student loan repayment programs
 - Supporting some college/no degree Alaskans in credential completion
- Engaging volunteers
 - Alaska College and Career Advising program
 - Early awareness programs
- Engaging leadership
 - Higher education in Alaska annual event
 - Higher education Almanac
 - Leadership survey responses



Action Opportunities Now

- Bottom line: lots of opportunities for improvement that we can take action on now
 - Developing a comprehensive statewide plan
 - Ensuring sustainability of programs
 - Measuring outcomes of all programs – especially CTE
 - Longitudinal education pipeline measurement
 - Reducing alignment gaps between K-12 and postsecondary education
 - Addressing equity issues



What's Happening at ACPE

2020



Agency Successes

- Almost 50 years of low-cost financial aid for Alaska students with no cost to the General Fund
- Operating state's financial aid, education planning and institutional authorization programs at no cost to the General Fund
- Issued and repaid over \$1.4 billion in bonds to finance education loans
- Creation of the Alaska Postsecondary Access and Completion Network (65x2025) through grant funding and transitioned it to non-profit status
- Actively foster an agency culture of continuous improvement and cost reduction
 - \$3.5 million in budget reductions over past years
 - Reduction of 47 active filled position in past seven years (from 106 to 59)
 - Reductions accomplished without program eliminations



Agency Challenges

- Ongoing declines in student loan volume since 2010 radically impact agency costs (from originating ~\$100 million in a year to only \$3 million)
 - Federal government eliminated guaranteed loan program
 - Federal laws eliminated schools' ability to "package" state loans
 - New credit score requirements eliminated some borrowers
 - APS and AEG replaced ~\$17 million in loans each year
 - A couple national student loan scandals made families think students loans are inherently bad
 - Population and enrollment declines in Alaska

Agency Challenges

- Most guarantors and many private and state lenders did not survive
- ACPE took immediate action to reduce costs and leverage assets, which enabled us to continue to offer loans while building a long-term strategic plan to address:
 - Growth in demand for education planning programs
 - Growth in need for outcomes reporting, research, and analysis
- Significant need continues to exist for state loan because federal loans do not meet full need
 - Private loans can cost over twice as much as Alaska loans
 - Highest costs go to neediest students in private lending
 - Financial literacy and lending caps not an obligation of private lenders

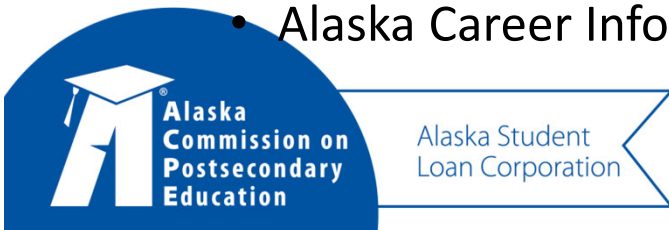
Action Plan for Agency Transformation

1. Transfer servicing of legacy Federal Family Education Loan Program (FFELP) portfolio to American Education Services (AES) in March
 - Alaska Student Loan Corporation still owns portfolio
 - ACPE will maintain loan ombudsman relationship
 - Annual cost savings in excess of \$1 million
2. Research outsourcing servicing of state loan programs
 - Preliminary findings of annual savings in millions
3. Savings will allow Commission and Corporation to:
 - Continue to offer lowest possible cost loans to Alaska students
 - Continue to support education planning, APS, AEG, and other state higher education programs and services at no cost to General Fund



ACPE Higher Education Resources

- Institutional Authorization and education consumer protection
- Operation of APS, AEG, and WWAMI programs
- Operation of WICHE student exchange programs
- Alaska Higher Education Almanac annual publication
- State of Higher Education in Alaska annual forum
- Research briefs and policy analyses publication
- Alaska Performance Scholarship (APS) Report and program evaluation
- Alaska Education Grant (AEG) student outcomes reporting
- Success Center services
- Alaska College and Career Advising Volunteer Corps
- Alaska Career Information System (AKCIS)



Statutory Citations

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)

Postsecondary planning programs:

AS 14.42, Article 1 (Sec. 1 ch. 85, Temporary And Special Acts and Resolves) (est. 2001)



Questions?

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