

# **State of Alaska FY2006 Governor's Operating Budget**

## **Department of Education and Early Development Program Administration & Operations Component Budget Summary**

## Component: Program Administration & Operations

### Contribution to Department's Mission

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

### 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:

ACPE carries out this mission by delivering core services to:

- Provide student 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 administers certain other occupational area-specific education loan programs.

AlaskAdvantage® programs and services include outreach and early awareness programs intended to increase Alaskans' awareness of the importance of academic and financial planning to insure both access and success in postsecondary education. ACPE is increasing its activities to make state residents aware that postsecondary education is 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 developing an electronic resource of education/training/labor information. This developing resource for all Alaskans expands ACPE's communication to not only students but also to parents, families, policymakers, professional colleagues, communities, and co-workers.

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 all postsecondary schools that operate 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) ASL Consolidation Loans;
- 6) Teacher Education Loans (TEL);
- 7) Family Education Loans (FEL);
- 8) WWAMI Medical Education Loans;
- 9) WICHE Professional Student Exchange Program Loans;
- 10) Western Undergraduate Exchange (WUE);
- 11) Western Regional Graduate Program (WRGP).
- 12) Alaska's GEAR UP Scholarship; and
- 13) 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;

- producing, disseminating and reviewing initial applications and awarding loans;
- disbursing loan funds to approved institutions in the U.S. and abroad;
- monitoring loans during the enrolled and grace periods; entering borrowers into repayment;
- processing deferments and forgiveness of loan payments, where warranted; processing payment, adjustment and balance correction transactions;
- performing administrative collections action and, where in-house efforts to collect payments have failed, transferring loans to a private sector collection agency;
- 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
- insure the quality of the loan portfolio through effective collections and enhanced revenues
- continue improving service to loan borrowers through informed use of technology
- continue quality internal operations through increased accountability and quality control
- administer other financial aid programs that benefit Alaska postsecondary education consumers
- insure adequate funds are available to meet loan demand

<b>Major Activities to Advance Strategies</b>	
<ul style="list-style-type: none"> <li>• Relocate AlaskAdvantage Success Center to deliver outreach services in a locale frequented by target populations.</li> <li>• Staff appropriate public events/venues</li> <li>• College planning materials distributed to all Alaskan students and parents.</li> <li>• College promotion activities for at risk youth</li> <li>• Partner with all stakeholder groups</li> <li>• Promote federally guaranteed loans using borrower incentives</li> <li>• Provide flexible repayment options</li> </ul>	<ul style="list-style-type: none"> <li>• Take proactive debt counseling action</li> <li>• Provide credit counseling resources</li> <li>• Provide convenient payment services (i.e. electronic, web, paper check, etc.)</li> <li>• Upgrade technological-delivered borrower services.</li> <li>• Provide training for school staff</li> <li>• Provide site reviews of school compliance processes</li> <li>• Collaborate with other agencies (Occupational Licensing, AWIB) to optimize value of information disseminated to schools and the public.</li> </ul>

<b>FY2006 Resources Allocated to Achieve Results</b>							
<b>FY2006 Component Budget: \$10,524,100</b>	<p><b>Personnel:</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Full time</td> <td style="text-align: right;">104</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>104</b></td> </tr> </table>	Full time	104	Part time	0	<b>Total</b>	<b>104</b>
Full time	104						
Part time	0						
<b>Total</b>	<b>104</b>						

**Key Component Challenges**

- implement AlaskAdvantage® Education Grant Program to effectively deliver on 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

- continue to increase AlaskAdvantage® Federal Family Education Loan Program (FFELP) volume
- continue to administer and provide policy direction for the ACPE programs, achieving efficiencies and delivering value-added service to Alaskans through improved management, processes, and technology
- to 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
- continue to 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
- continue improving service to loan borrowers through informed use of technology
- continue quality internal operations through increased accountability and quality control

### **Significant Changes in Results to be Delivered in FY2006**

- Increase on-campus assistance to student borrowers
- 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 education financing information
- Enhance loan origination processes to deliver same-day, or next day loan processing/disbursement
- Enhance technological tools to increase loan collection efficiency and effectiveness with no increase in staffing
- Enhance electronic desktop tools for ACPE staff to insure accurate and consistent customer service levels

### **Major Component Accomplishments in 2004**

- Received legislative authority to design and implement the AlaskAdvantage® Education Grant Program for low-income residents to attend postsecondary programs in Alaska.
- Expanded consolidation loan options to include both alternative loans and Federal Family Education Loan consolidation. This provides substantial borrower cost savings through lower interest rates. Approved over \$29.6 million in consolidation loans in FY2004.
- Retained position as #1 federal education loan provider in Alaska with 37% of total volume for FY2004, providing Alaskan students with the lowest cost loans in the nation, at below-market rates ranging from 0% to 1.32%.
- Enhanced electronic loan repayment options for borrowers interested in managing their own loan accounts online.
- Maintained strong borrower benefit package, providing incentives and rewards to borrowers who attend school or reside in Alaska or who demonstrate certain positive repayment practices.
- Initiated an Alaska Student Loan Corporation three-year initiative to return original contributed capital back to the State. For FY2005, that constituted a return of \$75 million for State use in paying for capital projects and other permitted expenditures.
- Ended FY2004 with sufficient net income to approve an FY2006 dividend to the State of \$3.1 million, bringing the total returned to the State since FY2001 to \$25 million.
- In FY2004, over 11,500 borrowers received loans totaling more than \$66.1 million dollars.
- Continued to provide full education loan servicing for over 148,000 loans with a total loan portfolio of over \$594 million.
- Enabled participation of 1,669 Alaskan undergraduate students in the WICHE Western Undergraduate Exchange program, saving those students and their families approximately \$9.6 million in tuition costs.
- Enabled enrollment of 243 undergraduate students from other states at the University of Alaska in the Western Undergraduate Exchange program.

- Enabled enrollment of 28 Alaskan graduate students in the WICHE Western Regional Graduate Exchange Program.

### Statutory and Regulatory Authority

AS 14.42.010-055  
AS 14.48.010-210  
AS 14.42.011-055  
AS 14.43.910-990  
AS 14.43.091-175  
AS 14.42.100-990  
AS 14.43.250-325  
AS 14.43.510  
AS 14.43.600-990  
AS 14.44.010-060  
20 AAC 16.010-090

Contact Information
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**Program Administration & Operations  
Component Financial Summary**

*All dollars shown in thousands*

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	6,313.9	6,479.4
72000 Travel	0.0	130.2	117.7
73000 Services	0.0	2,714.7	3,348.8
74000 Commodities	0.0	87.7	86.8
75000 Capital Outlay	0.0	21.4	21.4
77000 Grants, Benefits	0.0	470.0	470.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>9,737.9</b>	<b>10,524.1</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	202.8	120.0
1007 Inter-Agency Receipts	0.0	350.0	350.0
1106 Alaska Post-Secondary Education Commission Receipts	0.0	9,185.1	9,984.1
1108 Statutory Designated Program Receipts	0.0	0.0	70.0
<b>Funding Totals</b>	<b>0.0</b>	<b>9,737.9</b>	<b>10,524.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	0.0	202.8	120.0
Interagency Receipts	51015	0.0	350.0	350.0
Statutory Designated Program Receipts	51063	0.0	0.0	70.0
AK Post-Sec. Education Comm. Receipts	55520	0.0	9,185.1	9,984.1
<b>Restricted Total</b>		<b>0.0</b>	<b>9,737.9</b>	<b>10,524.1</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>9,737.9</b>	<b>10,524.1</b>

**Summary of Component Budget Changes  
From FY2005 Management Plan to FY2006 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2005 Management Plan</b>	<b>0.0</b>	<b>202.8</b>	<b>9,535.1</b>	<b>9,737.9</b>
<b>Adjustments which will continue current level of service:</b>				
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	90.1	90.1
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.0	53.0	53.0
<b>Proposed budget decreases:</b>				
-Veteran's Affairs Approving Agency	0.0	-82.8	0.0	-82.8
<b>Proposed budget increases:</b>				
-Electronic Business Services	0.0	0.0	122.2	122.2
-ETS Mainframe Services	0.0	0.0	402.7	402.7
-Borrower Billing Services	0.0	0.0	16.0	16.0
-Outreach Services	0.0	0.0	95.0	95.0
-Industry Benchmarking	0.0	0.0	15.0	15.0
-WICHE Dues Increase	0.0	0.0	5.0	5.0
-College Goal Sunday	0.0	0.0	70.0	70.0
<b>FY2006 Governor</b>	<b>0.0</b>	<b>120.0</b>	<b>10,404.1</b>	<b>10,524.1</b>

Program Administration & Operations Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2005 Management Plan	FY2006 Governor		
Full-time	104	104	Annual Salaries	4,655,432
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	2,544,158
			Less 7.00% Vacancy Factor	(503,890)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>104</b>	<b>104</b>	<b>Total Personal Services</b>	<b>6,695,700</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	0	0	4	0	4
Accounting Clerk	0	0	1	0	1
Accounting Technician	0	0	5	0	5
Admin Support Specialist	0	0	4	0	4
Administrative Assistant	1	0	4	0	5
Administrative Coordinator	0	0	2	0	2
Administrative Officer	1	0	4	0	5
Application Technician	0	0	1	0	1
Awards Specialist II	0	0	2	0	2
Business Lead/Analyst I	0	0	1	0	1
Business Lead/Analyst II	0	0	2	0	2
Business Lead/Analyst III	0	0	1	0	1
Collections Trainer/Specialist	0	0	1	0	1
Compliance Auditor	1	0	0	0	1
Customer Service Spec I	0	0	1	0	1
Customer Service Spec II	0	0	16	0	16
Customer Service Spec III	2	0	6	0	8
Customer Service Supervisor	0	0	1	0	1
Data Entry Clerk IV	0	0	2	0	2
Deputy Director Finance	0	0	1	0	1
Director	0	0	1	0	1
Director/Iss	1	0	0	0	1
Disbursement Specialist III	0	0	1	0	1
Documents Processor	0	0	3	0	3
Due Diligence Supervisor	0	0	2	0	2
Executive Director	0	0	1	0	1
Executive Secretary III	0	0	1	0	1
Internal Auditor	0	0	1	0	1
Loan Servicing Technician I	0	0	2	0	2
Loan Specialist	0	0	6	0	6
Micro/Network Tech II	0	0	1	0	1
Network Systems Specialist	0	0	1	0	1
Policy Analyst	0	0	1	0	1
Program Budget Analyst II	0	0	1	0	1
Program Coordinator	3	0	3	0	6
Program Manager	1	0	0	0	1
Programmer/Analyst	7	0	0	0	7
Project Assistant	0	0	1	0	1
Publications Specialist	0	0	1	0	1

<b>Position Classification Summary</b>					
<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Receptionist	0	0	1	0	1
<b>Totals</b>	<b>17</b>	<b>0</b>	<b>87</b>	<b>0</b>	<b>104</b>