

Testimony Before the Senate Appropriations Committee



February 9, 2016

Presented by:

Scott A. Giles, President and CEO

VERMONT STUDENT ASSISTANCE CORPORATION

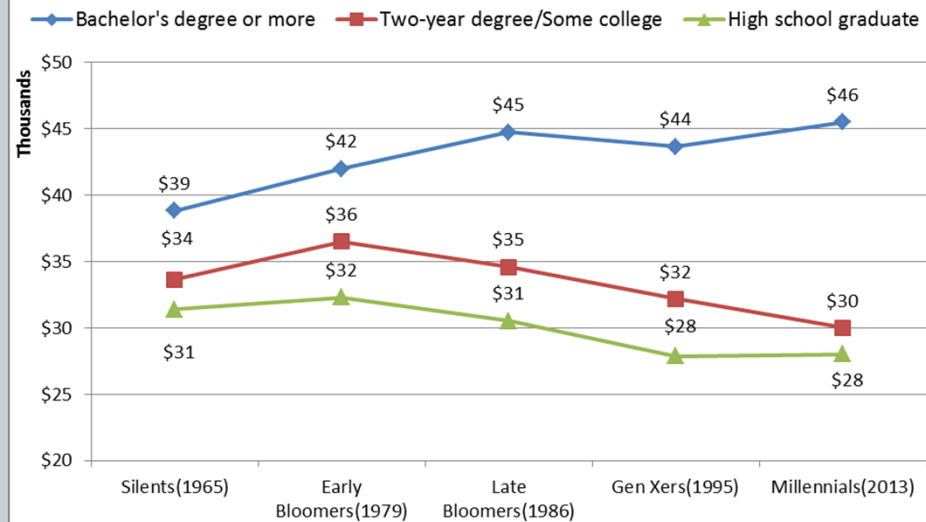


Rising earning disparity

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Rising Earning Disparity Between Young Adults with And Without a College Degree

Median annual earning among full-time workers ages 25-32, in 2012 dollars



Notes: Median annual earnings are based on earnings and work status during the calendar year prior to interview and limited to 25-32 year olds who worked full time during the previous calendar year and reported positive earnings. "Full time" refers to those who usually worked at least 35 hours a week last year.

Source: Pew Research Center tabulations of the 2013, 1995, 1986, 1979, and 1965 March Current Population Survey (CPS) Integrated Public Use Micro Samples

PEW RESEARCH CENTER

The National Economic Imperative



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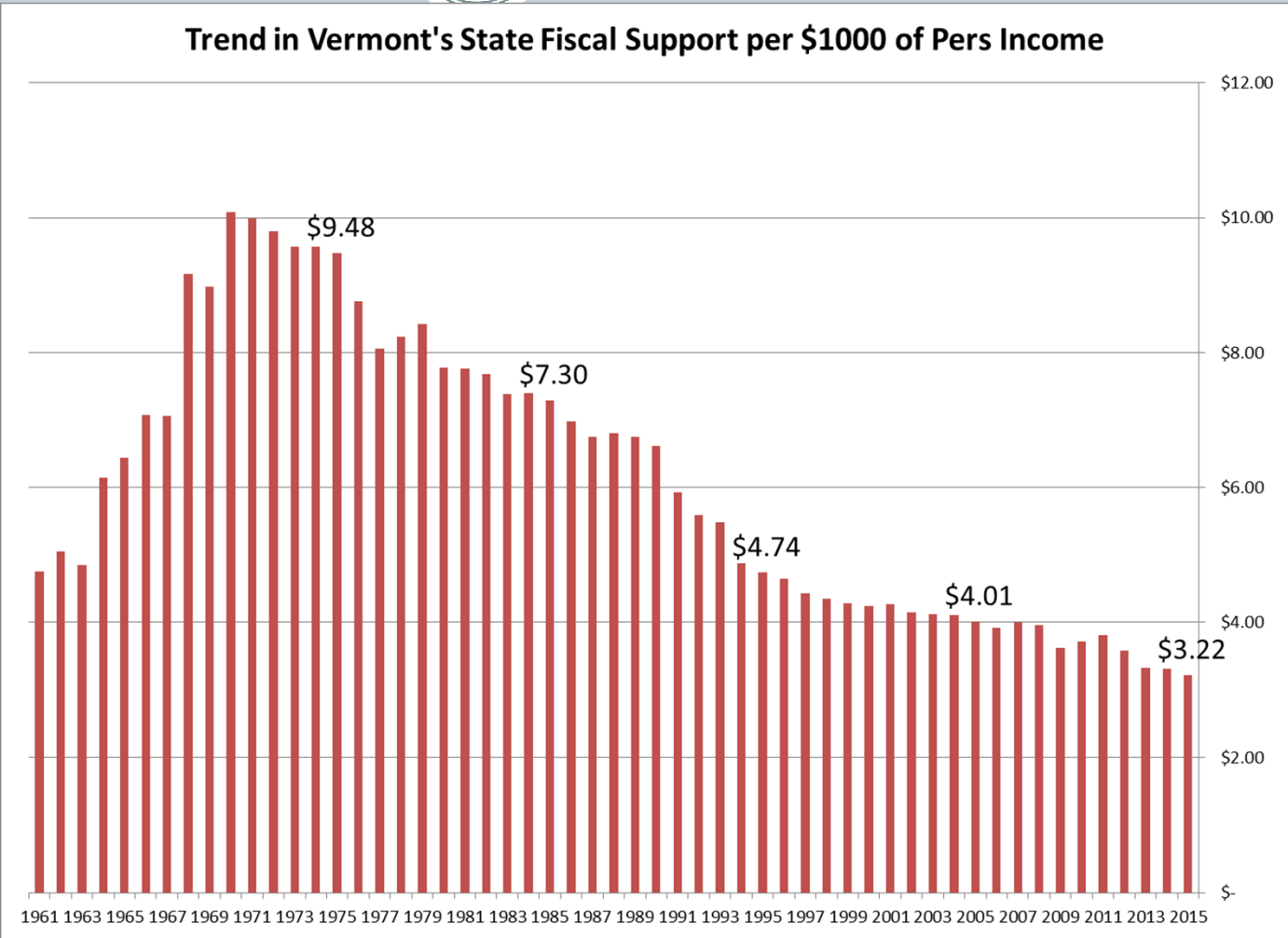
Four out of five jobs lost during the recession were those requiring high school education or less. Those low-skill jobs are gone for good, replaced by jobs that require specialized training and skills.

Despite a lingering high unemployment rate, employers say that they lack qualified job applicants. By 2020, two thirds of all jobs will require postsecondary education.

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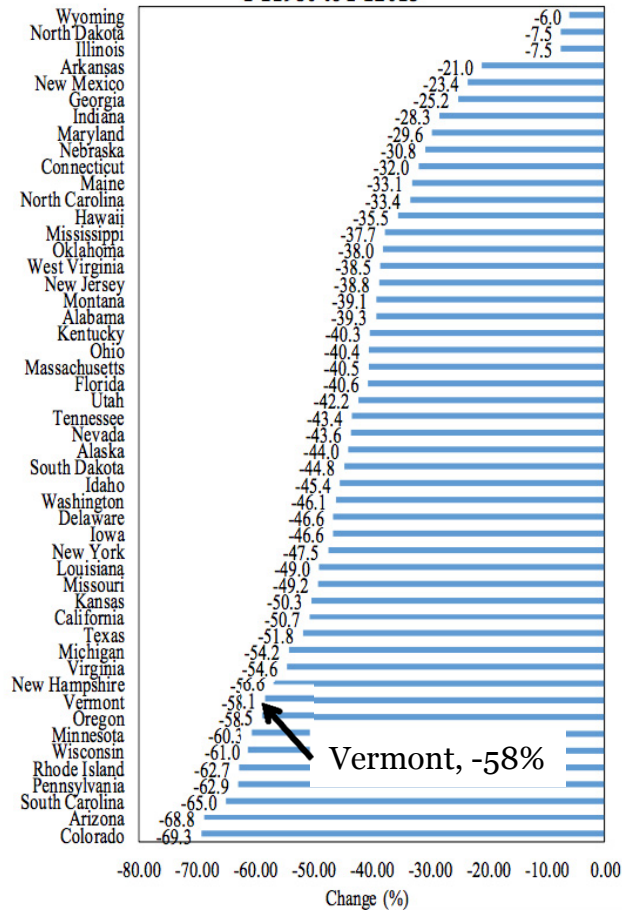
Higher Education Funding since 1961

For the last 35 years, funding for higher education has risen at about half the rate of growth of the General Fund.



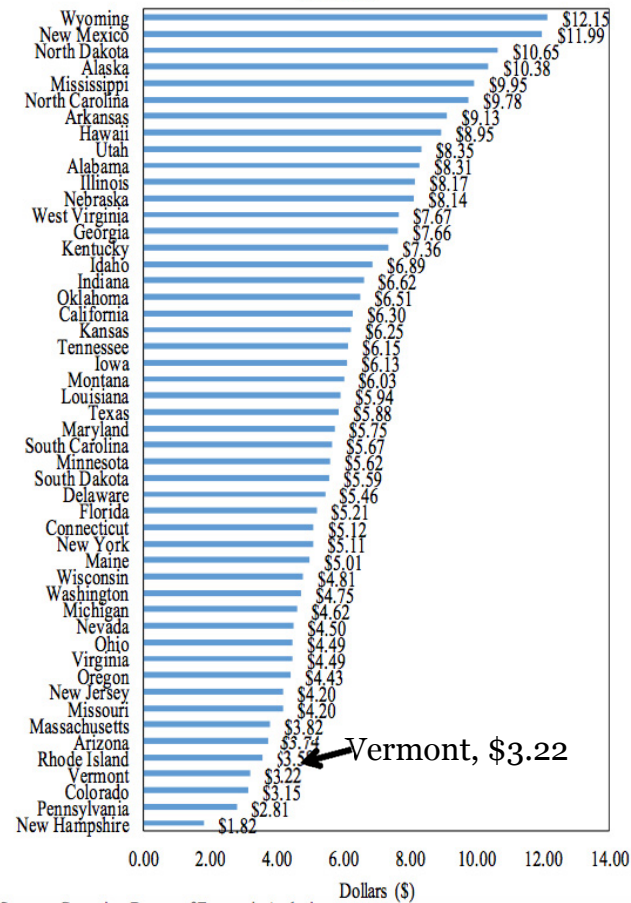
Vermont has chosen not to fund higher education

**Change in State Fiscal Support for Higher Education
per \$1000 of State Personal Income
FY1980 to FY2015**



Sources: Grapevine, Bureau of Economic Analysis

**State Fiscal Support for Higher Education
per \$1000 of State Personal Income
FY2015**



Sources: Grapevine, Bureau of Economic Analysis

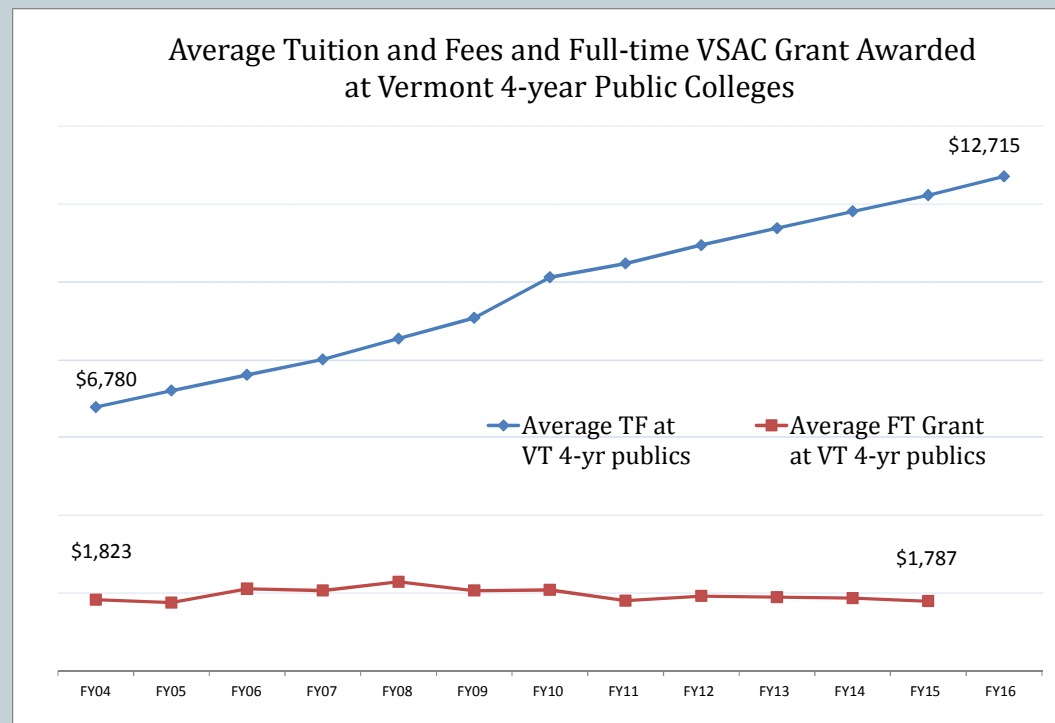
Challenges for Vermont Families

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Cost to attend is rising faster than incomes or state and federal financial aid

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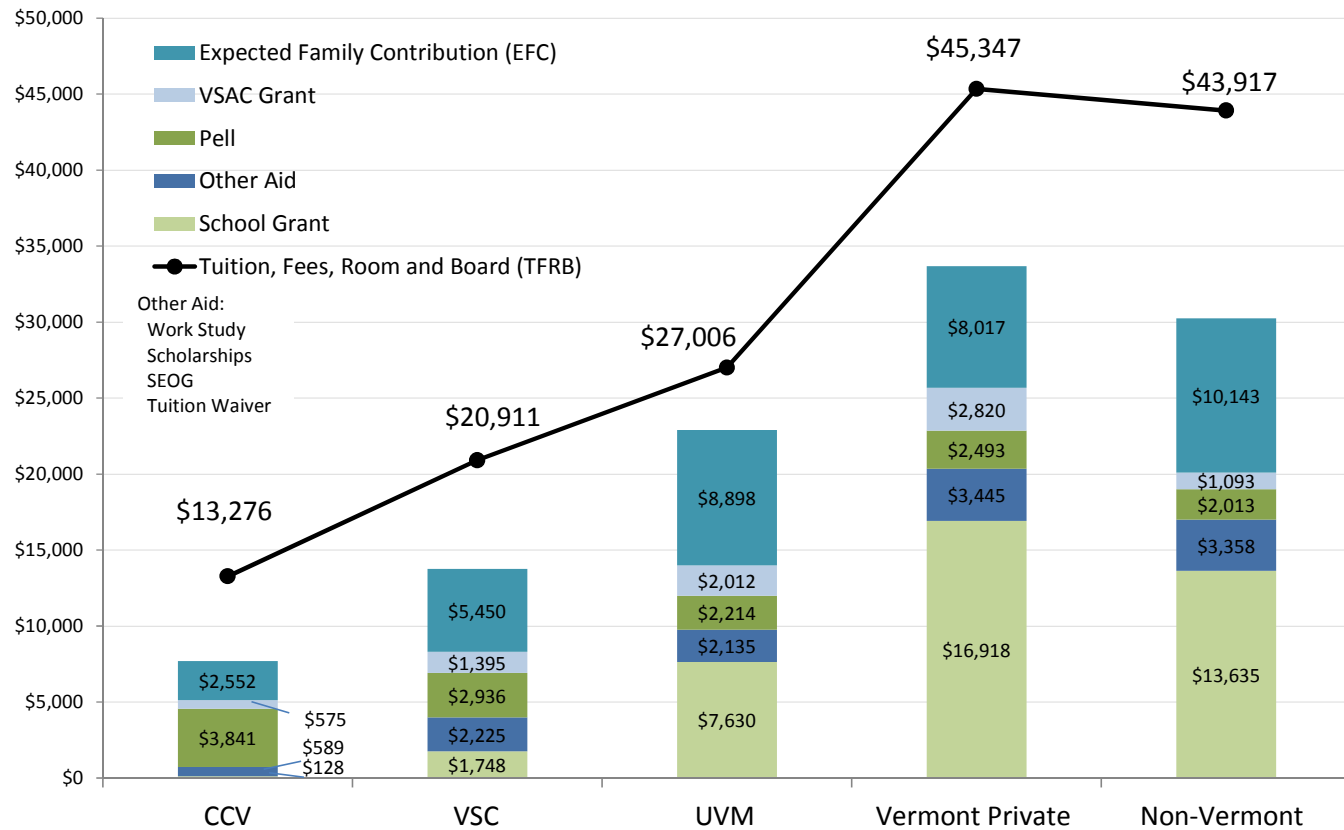
- Grants, scholarships and federal aid (Pell grants) have not matched increases in college costs, forcing Vermont families to shoulder larger share of burden.
- In 2015-16, Vermont families paid about 20 percent more of median family income for tuition and fees for a four-year public institution vs. New England average.



Financial aid packages leave gaps that must be funded with debt

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**Gift Aid, Expected Family Contribution, and Tuition, Fees, Room & Board
by Sector at 4-Year Schools and CCV
FY2015 Full-time Dependent Grant Recipients**



Source date: Jan, 2016

The focus turns to nontraditional students

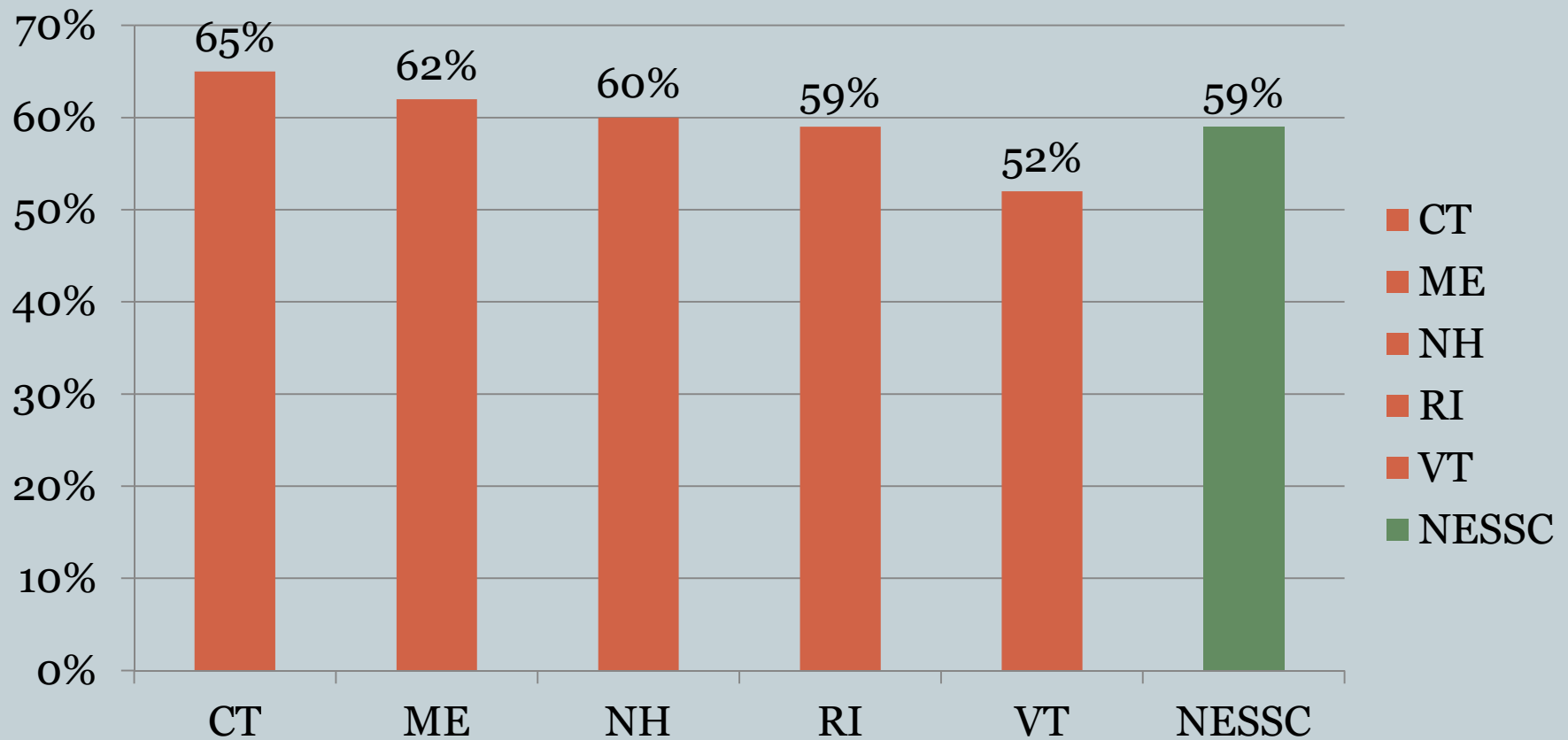
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- Vermont's population is second-oldest in the nation.
 - School-aged population has decreased by nearly 15 percent over five years.
 - Experts predict continuing declines until 2028.
- Census data show more than 60,000 Vermont adults age 25-64 with some college, but no degree (18 percent of working-age adults).
- The Nondegree Grant program has increased the number of awards by 54 percent over the last decade.
- Nationally, college enrollment of students age 25 and over is projected to increase by 20 percent by 2023, compared with 12 percent for students under 25.
- VSAC's federally funded Educational Opportunity Center program reports that approximately 45 percent of its caseload is older than 25 years old.

What has been the impact? Our continuation rates are lowest in region

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2014 College Enrollment Rate



Source: New England Secondary School Consortium, 2015 Annual Report

Programs That Are Working

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Vermont State Grants

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- The Vermont State Grant is a need-based grant program for full-time, part-time or nondegree study.
 - Student-focused policy enables students to obtain the education that best meets their needs.
- In FY15: 13,450 grants worth \$19.2M
 - Full-time: 8,701 grants for \$14.9M
 - Part-time: 3,057 grants for \$1.4M
 - Nondegree: 1,692 grants for \$2.9M

Scholarship programs

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- **VSAC administers 165 scholarships:**
 - Applicants compete for awards based on financial need, academic interests and more
 - In FY15, awarded 2,702 scholarships worth about \$5.7 million
- **In addition, VSAC administers state-appropriated scholarship programs:**
 - Emily Lester Vermont Opportunity Scholarship
 - Vermont Honor Scholarship
 - Armed Services Scholarship
 - National Guard Educational Assistance Program (interest-free loan)
 - Next Generation Scholarships
 - Vermont Higher Education Endowment Trust Fund Scholarships
- **Since 1966, VSAC has helped award more than 55,600 scholarships worth more than \$103 million.**

Career and education outreach

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- **Talent Search & GEAR UP**
 - Talent Search assists individuals from disadvantaged backgrounds who have the potential to succeed in higher education.
 - GEAR UP encourages low- and modest-income young people to set high academic standards and educational goals to prepare them for education beyond high school.
- **GUIDE**
 - In an effort to extend our HS level efforts in the area of aspirations and continuation to PSE, VSAC now supports students in some of its programs through their 3rd semester of college to make sure they are successful and to improve retention.
 - In FY15, 194 students received regular counseling and contact to help them stay on track. Of those students who enrolled in postsecondary education in the fall of 2013, 74.5% have persisted to their third semester of college. A texting program to stay in contact with our students has seen a 97% adoption rate.
- **Educational Opportunity Center**
 - Provides counseling and information on college admissions to qualified adults who want to enter or continue a program.
 - Served 1,746 adults; 73% are low income and first generation; 1,164 applied for financial aid; 937 enrolled in postsecondary education or training.

Career and education outreach (cont.)

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- **Statewide Services**
 - College Pathways, Paying for College workshops, Financial Aid Forms Nights, and college field trips
- **FAFSA completion**
 - Providing high schools with real-time information about their students' FAFSA filing status in order to increase the percentage who apply for financial aid.
- **Aspirations Pilot (2nd year)**
 - Programming throughout the school year that reinforces individual exploration and a culture that anticipates and plans for education after high school. Lamoille was the first pilot; Bellows Falls was added in FY16.
 - Promising indicators:
 - ✦ Students in grades 9-11 report that they perceive their parents want them to continue their education after high school at a rate 12% higher at the end of the year compared to the beginning of the academic year.
 - ✦ The aspiration rate calculated from the senior survey in 2015 is 5% higher than the aspiration rate in 2012.
- **PLPs and Naviance**
 - VSAC, with support from AOE, is able to make available a statewide career and college planning tool with the ability to support PLPs to all schools; 81% of students required to have a PLP now have access to or use this platform.

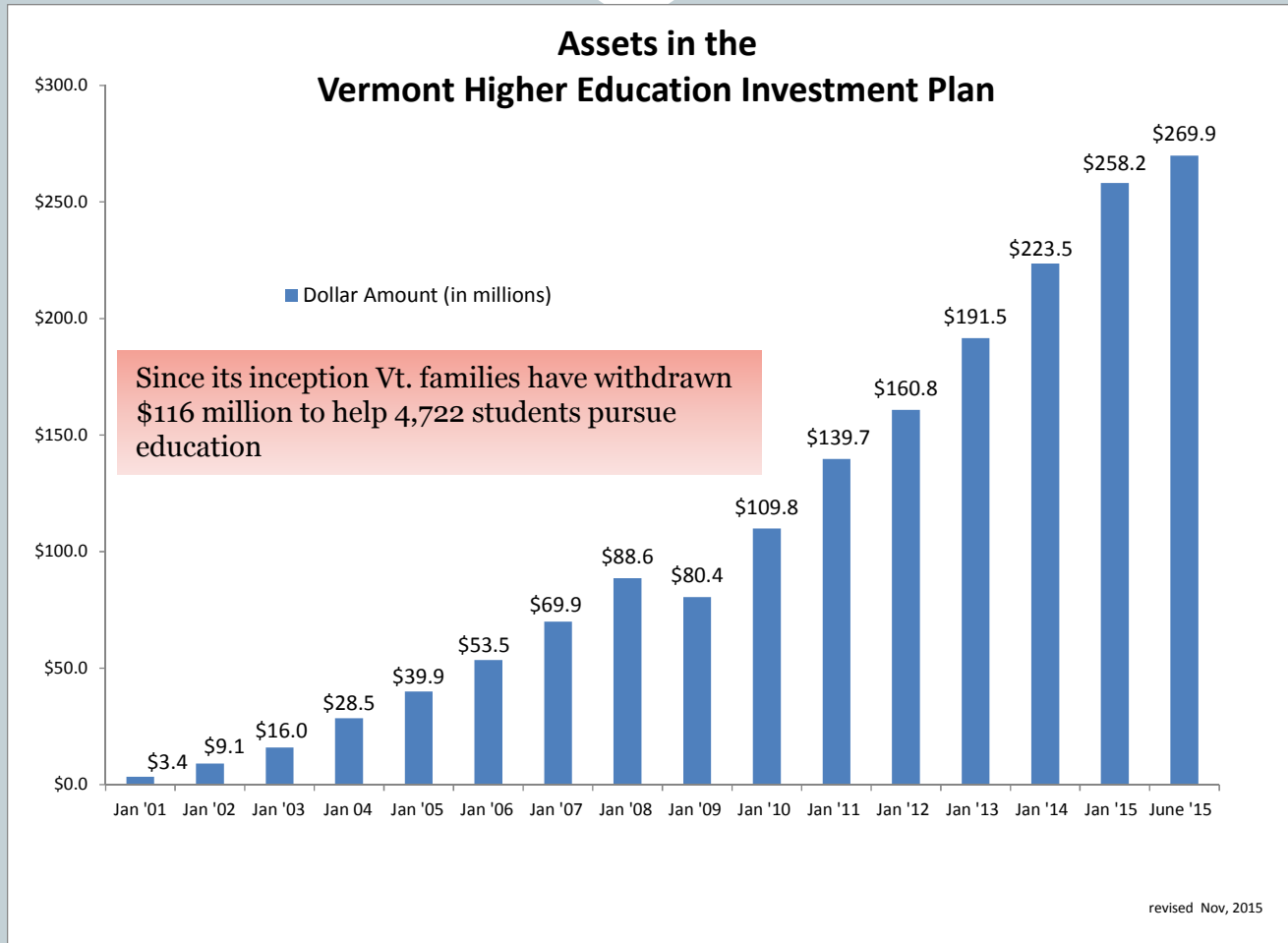
Saving for college: VHEIP

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- Vermont Higher Investment Education Plan is the state-sponsored 529 plan for Vermont.
- Vermont families at all income levels can invest for college and reduce their need for borrowing.
 - State and federal tax benefits include a 10 percent state income tax credit on annual contributions of up to \$2,500 per beneficiary; tax-deferred earnings; and tax-free withdrawals for qualified higher education expenses.
- In FY 16, VHEIP plan management was transferred to Intuition College Savings Solutions, providing VHEIP account holders with lower investment fees, a wider range of investment choices from Vanguard, TIAA-CREF and others, as well as expanded online services.
- New plan manager allows VSAC to fully integrate financial and information resources for Vermonters and their families when planning for education after high school.

Vermonters' investments top \$270M

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New higher education resource: Universal Children's Savings Accounts

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- Act 45 of FY16 created universal CSAs to encourage Vermonters to continue their education after high school by seeding college savings accounts with \$250 to \$500 for every baby born in Vermont.
 - More than 50% of Vermonters do not possess a college degree;
 - The percentage of children in poverty in Vermont is rising;
 - Vermont will need an additional 58,000 college degrees to meet its workforce demands in 2025.
- Research shows that when low- to moderate-income children have a savings account even with as little as \$1 to \$499 in it, they are three times more likely to go to college and four times more likely to graduate.
- Universal or targeted CSA programs or pilot programs in: ME, NV, RI, CO, OK, MS, San Francisco, Cuyahoga County, OH.
- Class of 2012 VT HS seniors who intended to enroll in college immediately after HS were more likely to do so if their family had saved for college.

A growing Vermont Advantage Loan program

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- The federal government earns over \$60 billion charging above-market rates on student loans.
- The Vermont Advantage education loan allows VSAC to offer Vermonters and students studying at Vermont institutions some of the lowest rates in the country.
- VSAC also continues to provide borrower rebates to students – over \$172 million since 1995.
- U.S. Department of Treasury recently announced that states may use tax-exempt bonds to offer loans directly to parents as well as offer a student loan refinancing product.
- VSAC will begin offering a parent loan this spring and is working with U.S. Department of Treasury on final details of a refinance loan.

We thank the Vermont Legislature
for its support in securing these lower-cost loans
for Vermont students and families.

FY17 Request

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- The Act 148 Committee recommended that funding for higher education (VSC, UVM, and VSAC) increase at the rate of GF growth plus 1%.
 - We are requesting a 5.2% increase for Higher Education
- Governor Shumlin's FY 17 budget calls for increasing annual fees for mutual fund managers to support Universal Children's Savings Accounts Program, which is administered by VSAC.
- An additional appropriation of \$100,000 to expand the aspiration pilots beyond the two that are currently authorized and funded.
- Add \$10,000 in funding for dual enrollment stipend for books and travel, for a total of \$60,000.

Questions?

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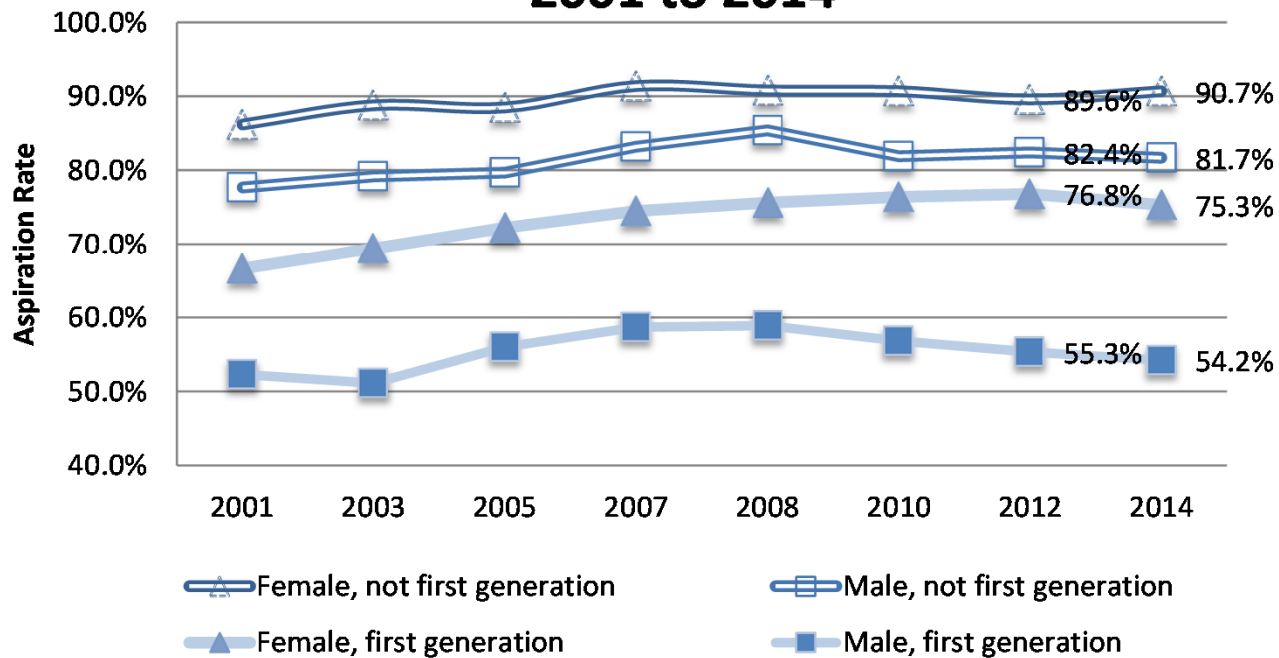
Appendix

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Postsecondary aspirations have declined or remained flat since 2008

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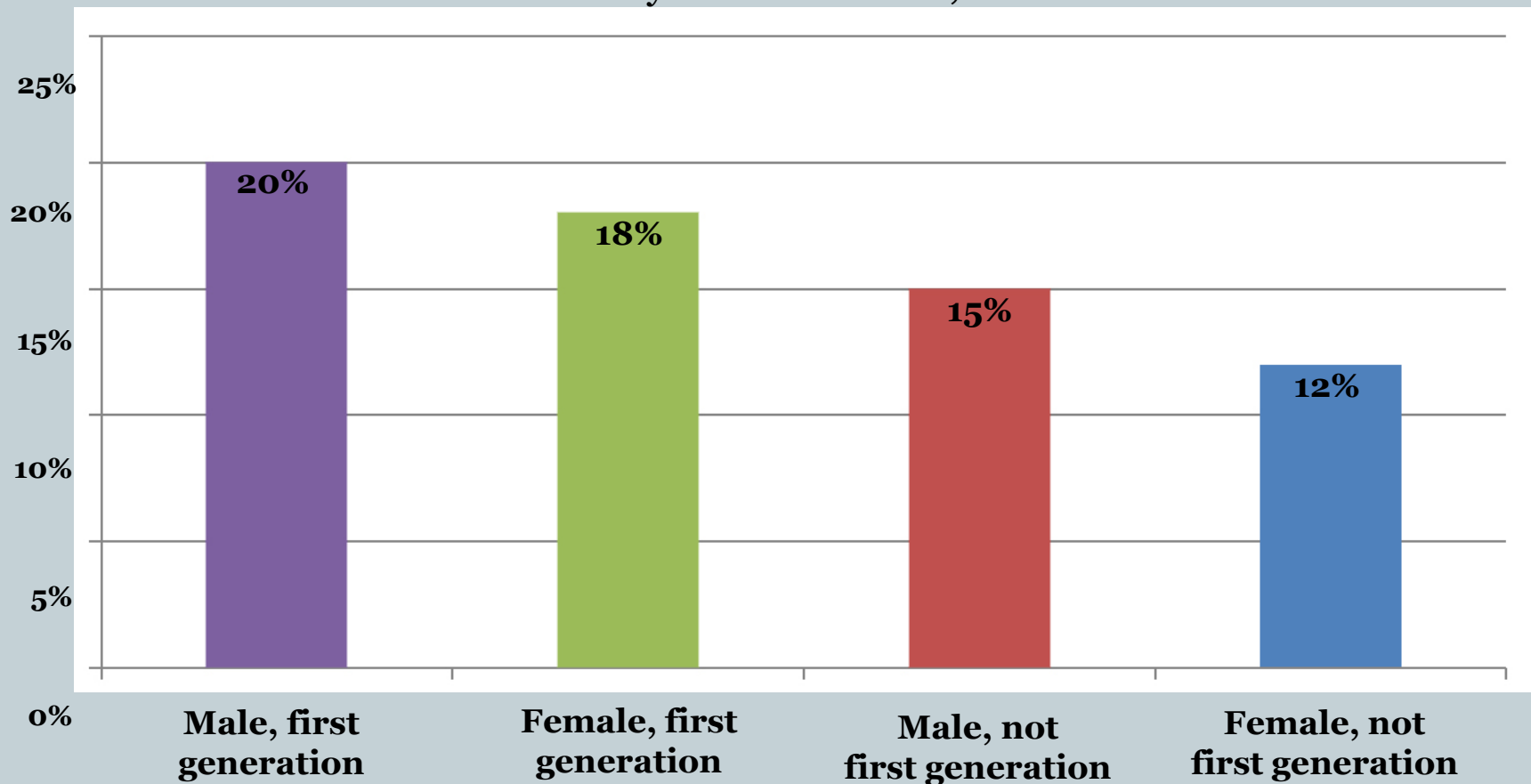
Trends in Postsecondary Aspiration by Gender and Parent Educational Attainment 2001 to 2014



Aspirations remain dynamic during summer after high school graduation

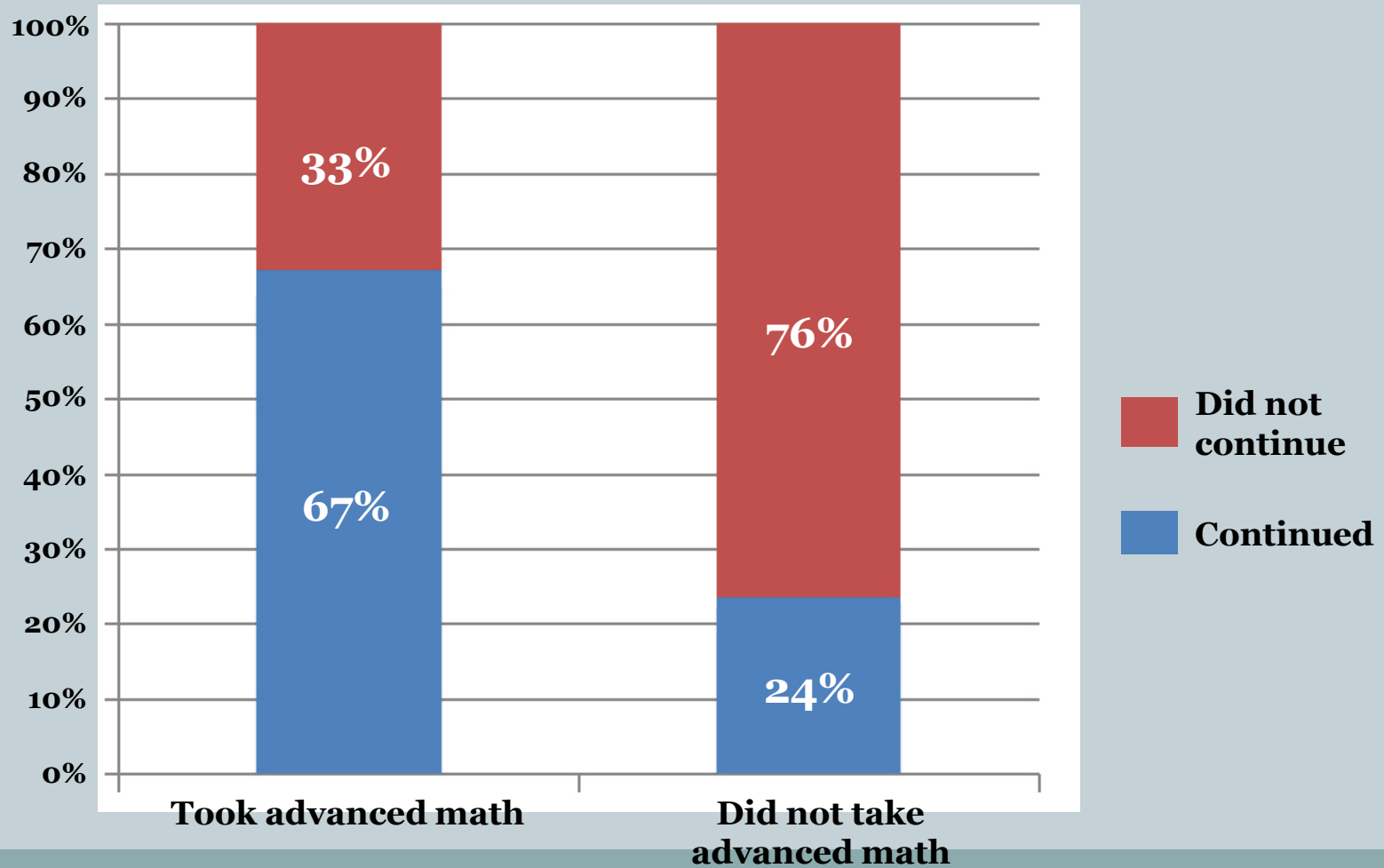


Percentage of Class of 2012 who planned to enroll at two- or four-year U.S. school, but did not



Source: VSAC Senior Survey 2012 First Follow-up

Vermont Class of 2012 immediate postsecondary enrollment and advanced math

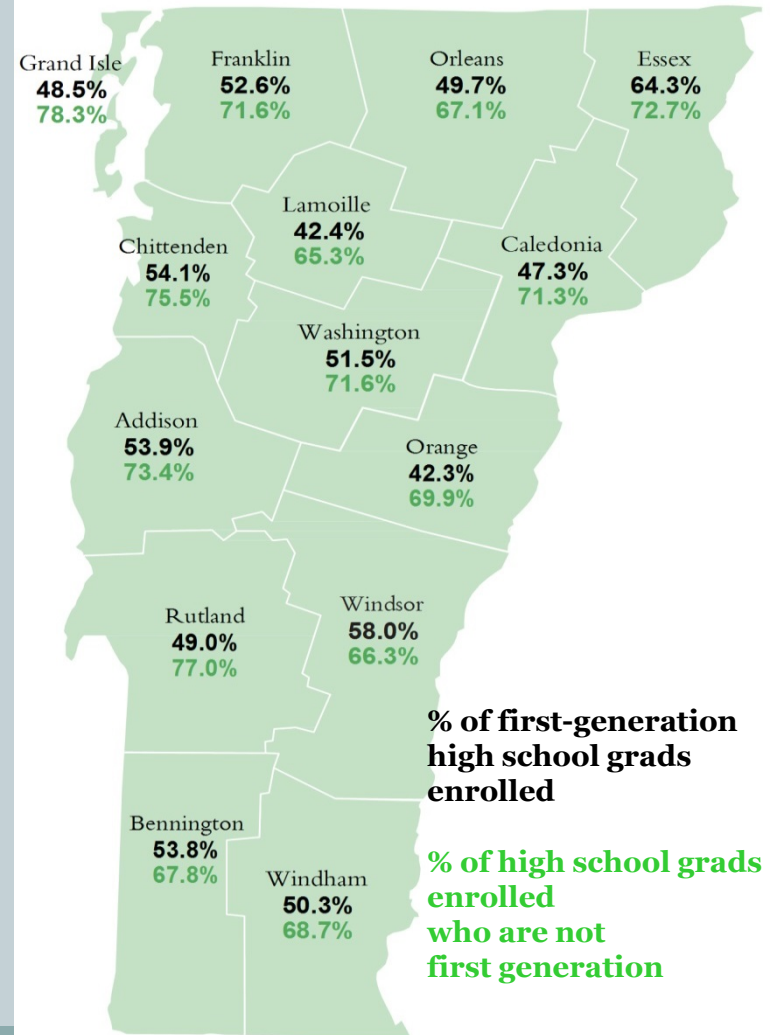


Source: VSAC Senior Survey 2012 First Follow-up

Postsecondary enrollment varies by county

College enrollment & family education

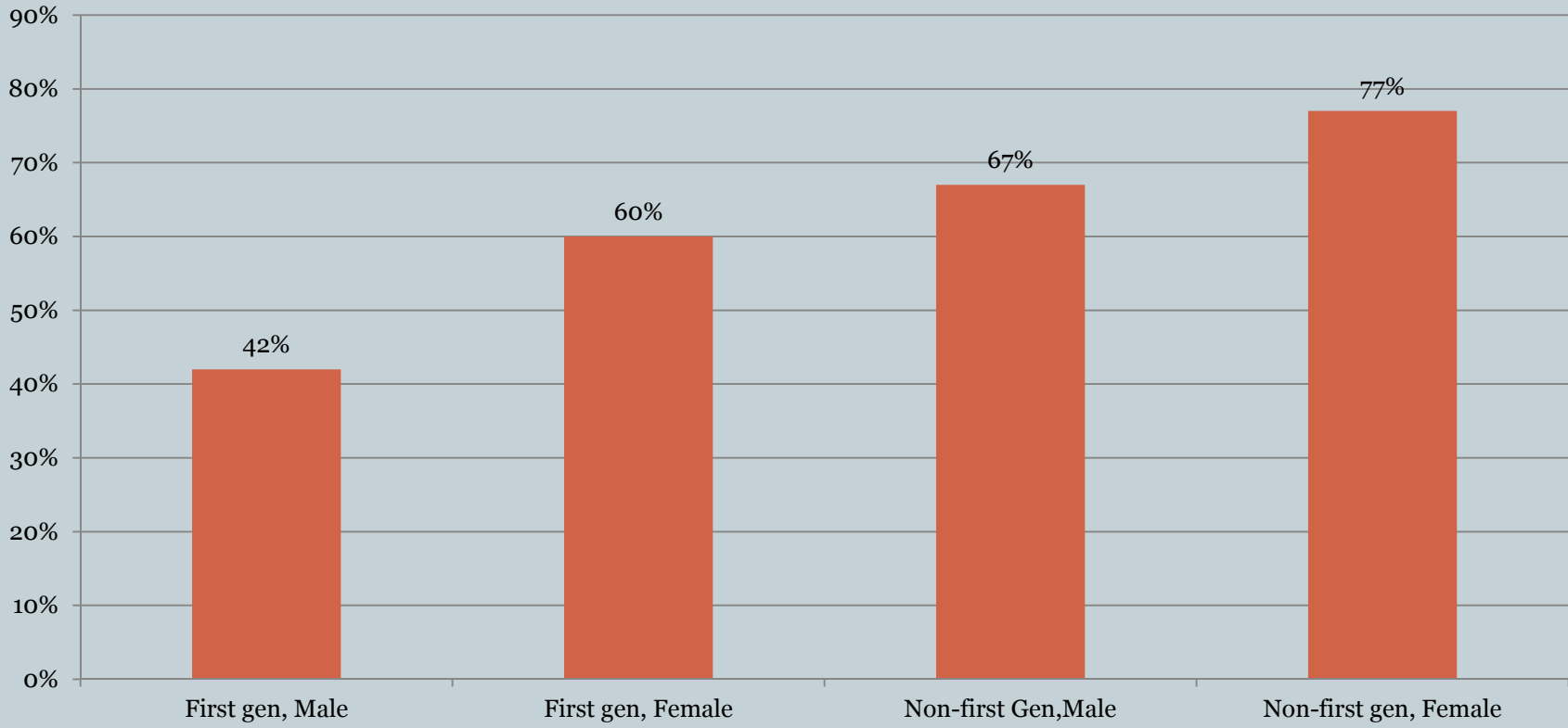
County	Enrolled at 2- or 4-yr institution in Fall of 2012
Addison	61.5
Bennington	60.3
Caledonia	55.4
Chittenden	66.7
Essex	65.9
Franklin	57.9
Grand Isle	60.0
Lamoille	50.2
Orange	49.8
Orleans	53.2
Rutland	59.0
Washington	61.4
Windham	58.7
Windsor	60.7



Source: VSAC Research, NSC Senior Class Survey Class of 2012

Enrollment by generation status and gender

Vermont Class of 2012 Postsecondary Enrollment Rates, by Generation Status and Gender



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