

Testimony Before the House Education Committee



February 11, 2016

Presented by:

Scott A. Giles, President and CEO
VERMONT STUDENT ASSISTANCE CORPORATION



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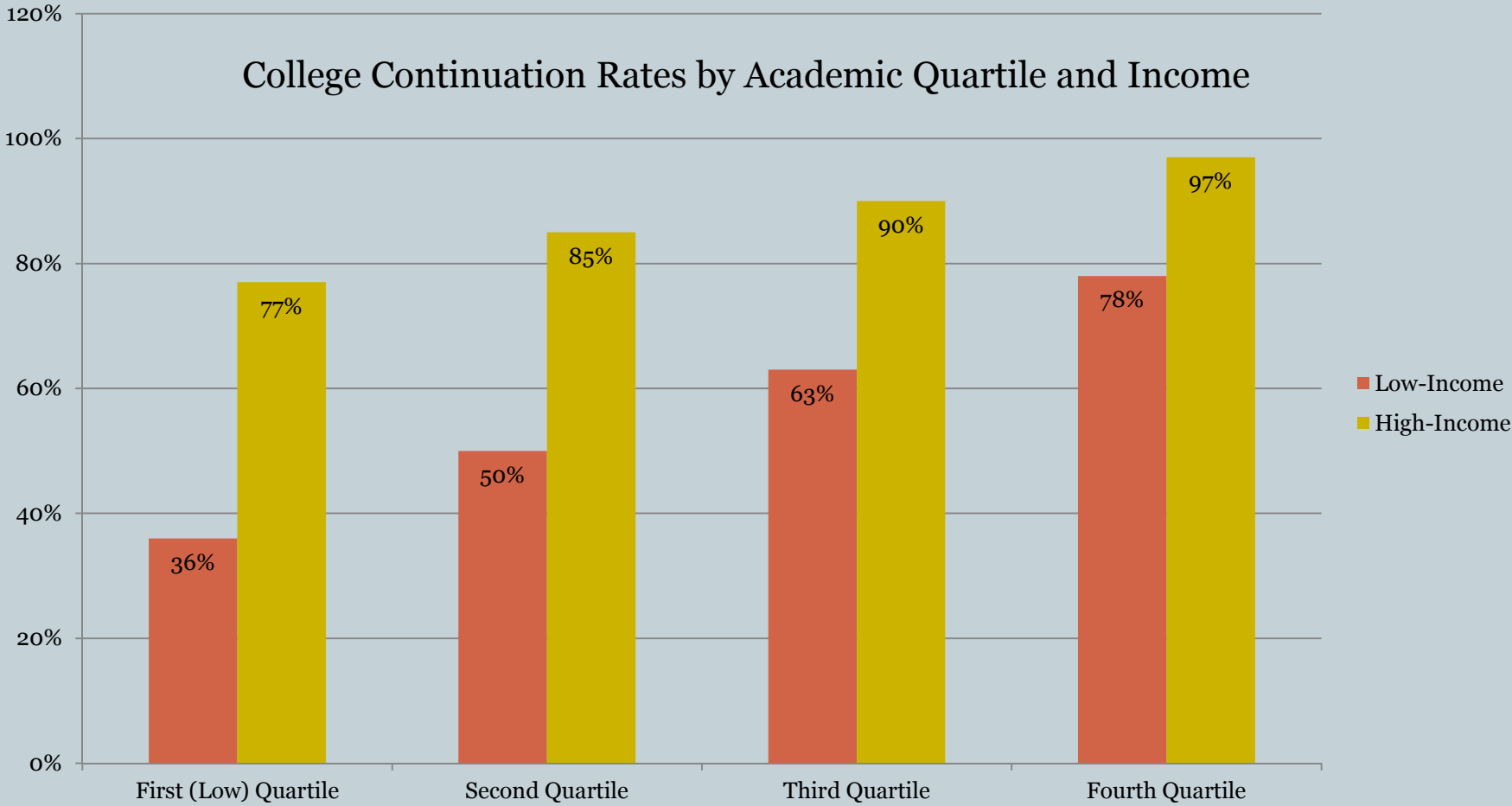
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The Unspoken Equity Issue

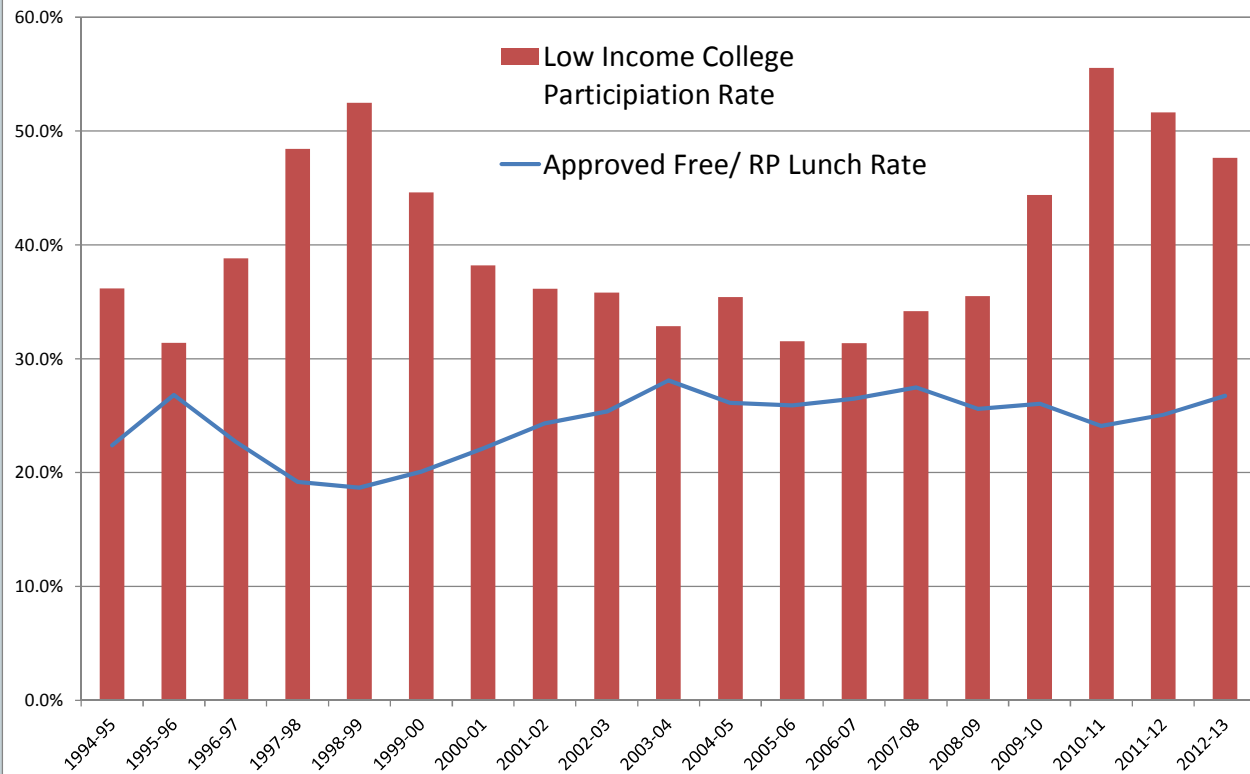


Source: College Board

Higher education participation among low-income Vermonters

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Low Income Higher Education Participation by Vermont Students
Vermont: 7th in the nation

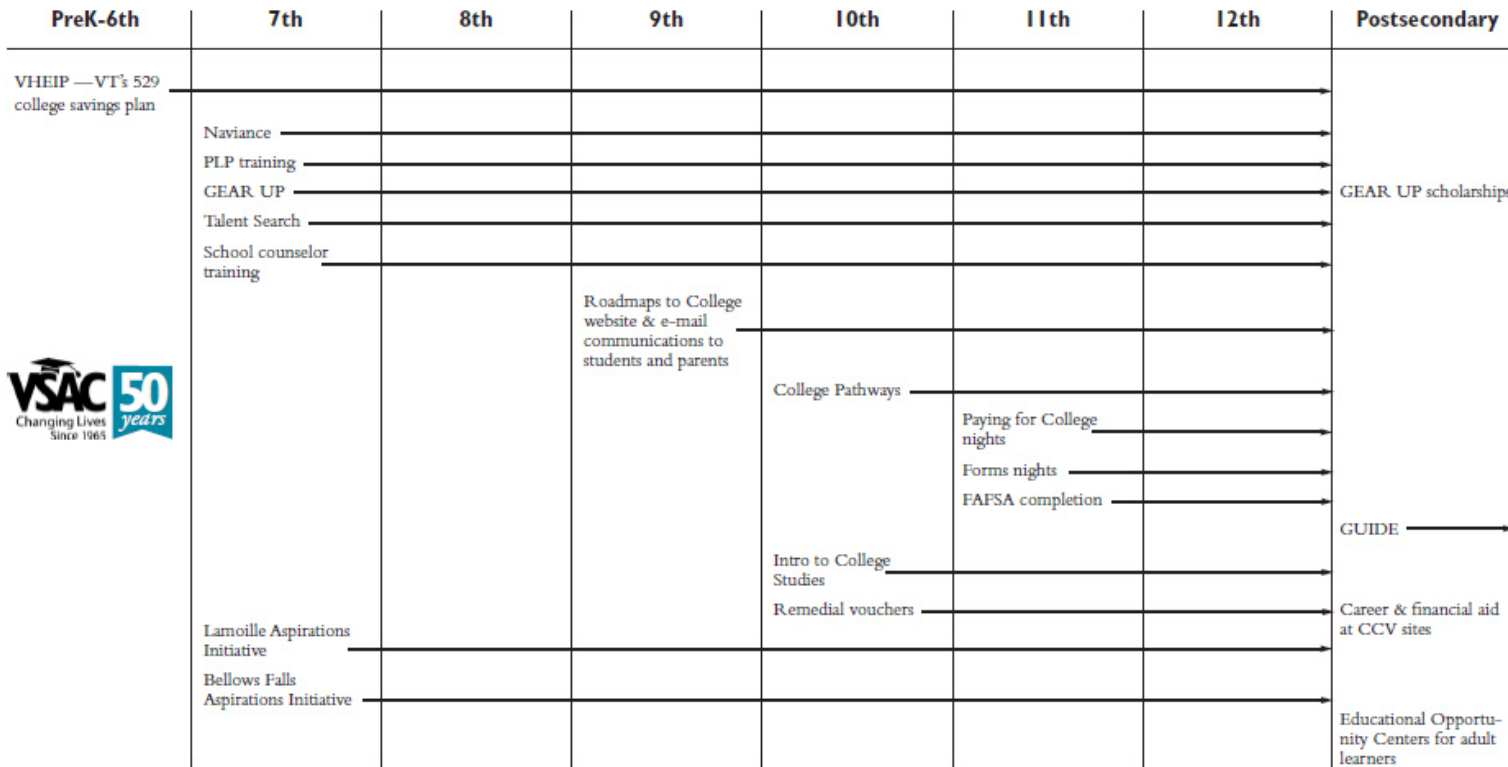


Source: Postsecondary Education OPPORTUNITY

VSAC pathways to postsecondary education



pathways to postsecondary education



VSAC Financial Aid Programs

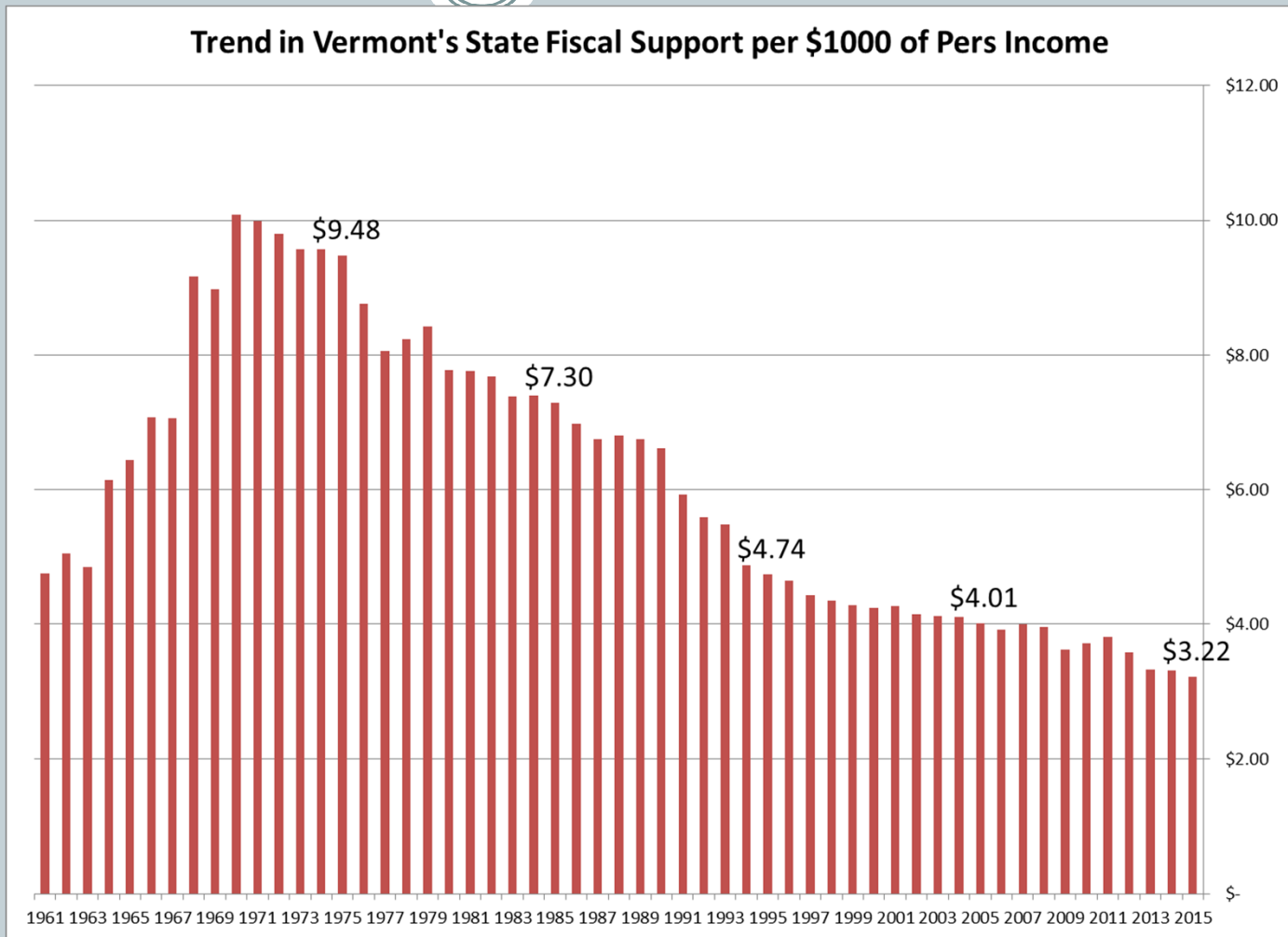
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- **\$19.2 million Vermont Grant Program:**
 - Full-time Grant
 - Part-time Grant
 - Nondegree Grant
- **\$5.7 million in 165 scholarships, including:**
 - Vermont Opportunity
 - Vermont Honor
 - Next Generation
 - Emily Lester
 - Chafee Education and Training Voucher
 - National Guard
 - Health Incentive
 - Higher Education Trust Scholarship
- **Vermont Higher Education Investment Plan (529 college savings)**
 - \$268 million in 17,000 accounts
 - ✦ \$41 million in contributions in 2015
 - ✦ 2,302 new accounts were opened in 2015
- **Loans and Borrower Benefits**
 - Advantage Loan
 - Parent Advantage Loan
- **Dual Enrollment Stipend**
- **Gear Up Scholarships**
- **Partner Programs We Support**
 - CCV Intro to College Studies
 - CCV Developmental Course Vouchers

Higher Education Funding since 1961

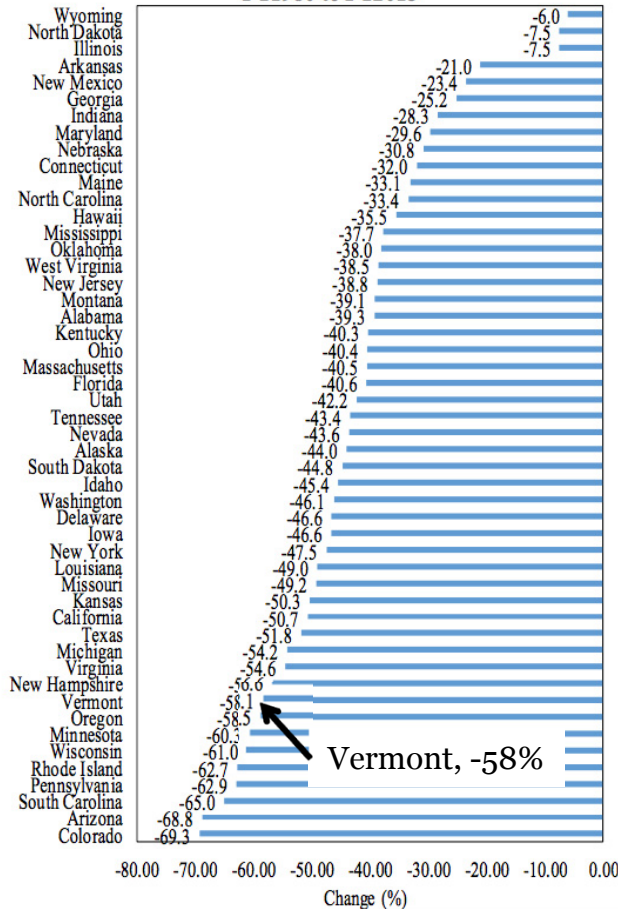
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For the last 35 years, funding for higher education has risen at about half the rate of growth of the General Fund.



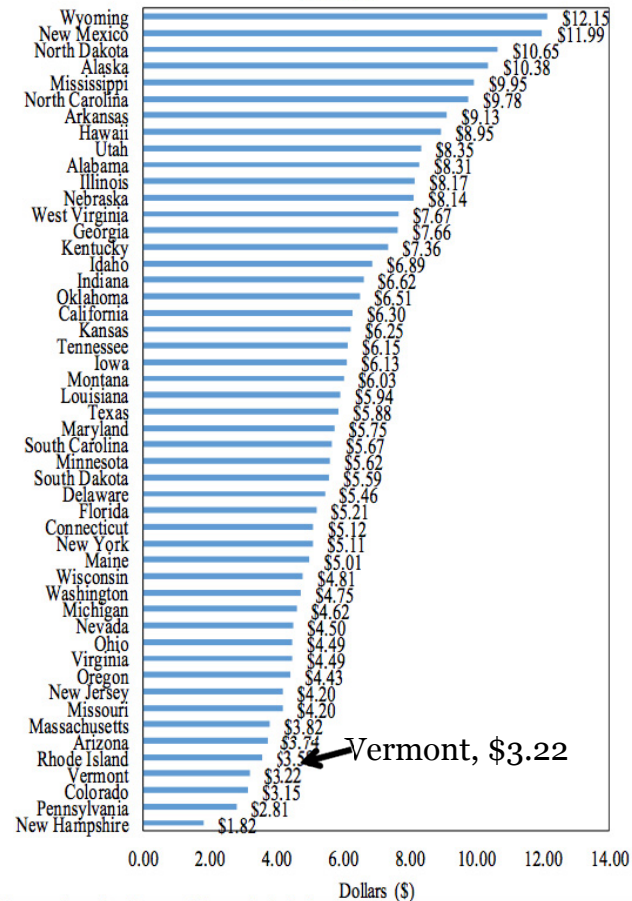
Vermont has chosen not to fund higher education

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

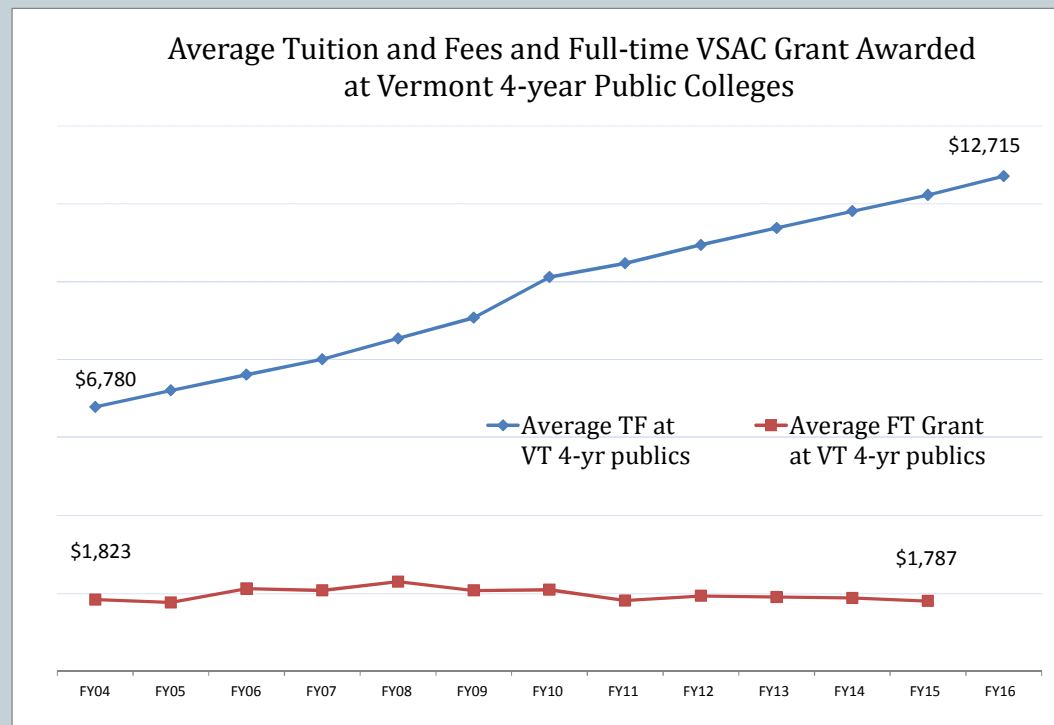


Sources: Grapevine, Bureau of Economic Analysis

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

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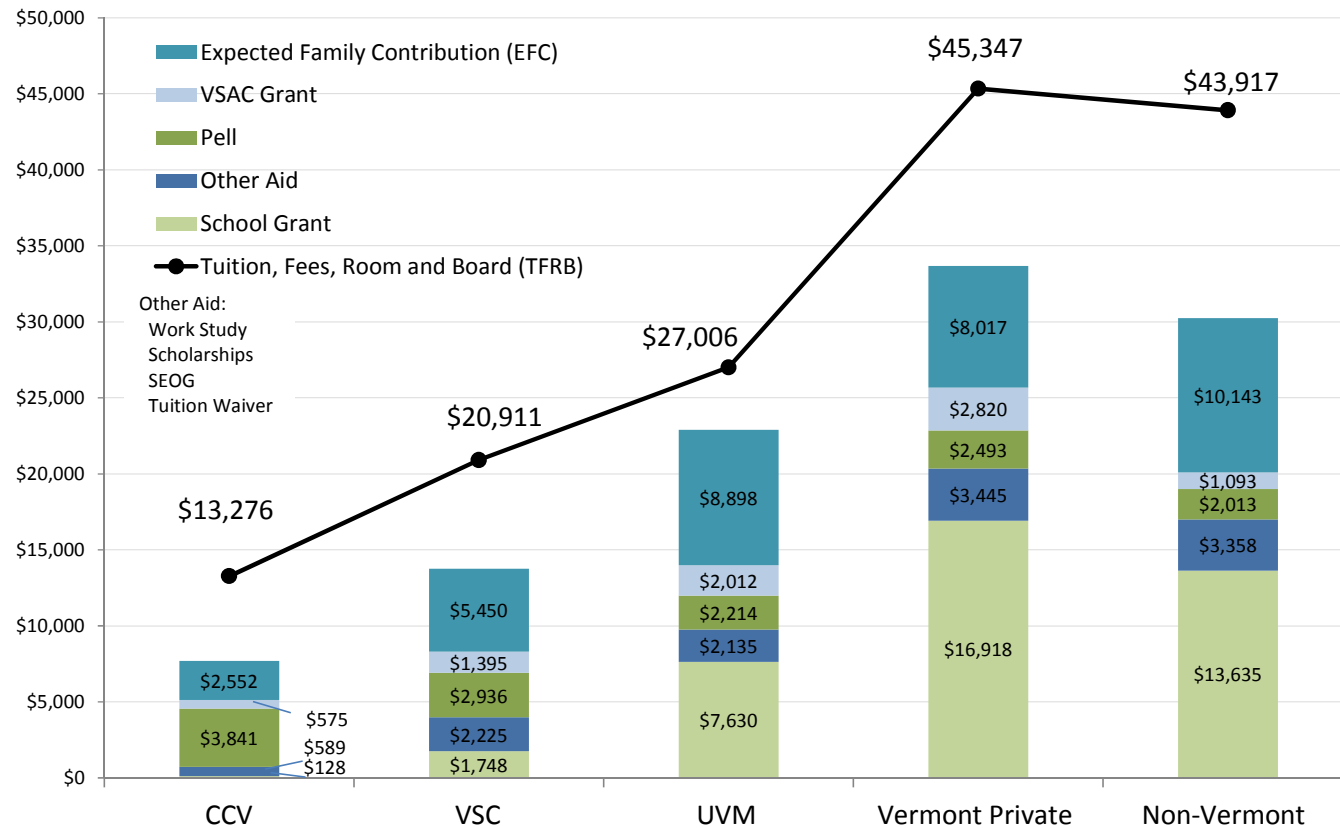
- Grants, scholarships and federal aid (Pell grants) have not matched increases in college costs, forcing Vermont families to shoulder larger share of burden.
- In 2015-16, Vermont families paid about 20 percent more of median family income for tuition and fees for a four-year public institution vs.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

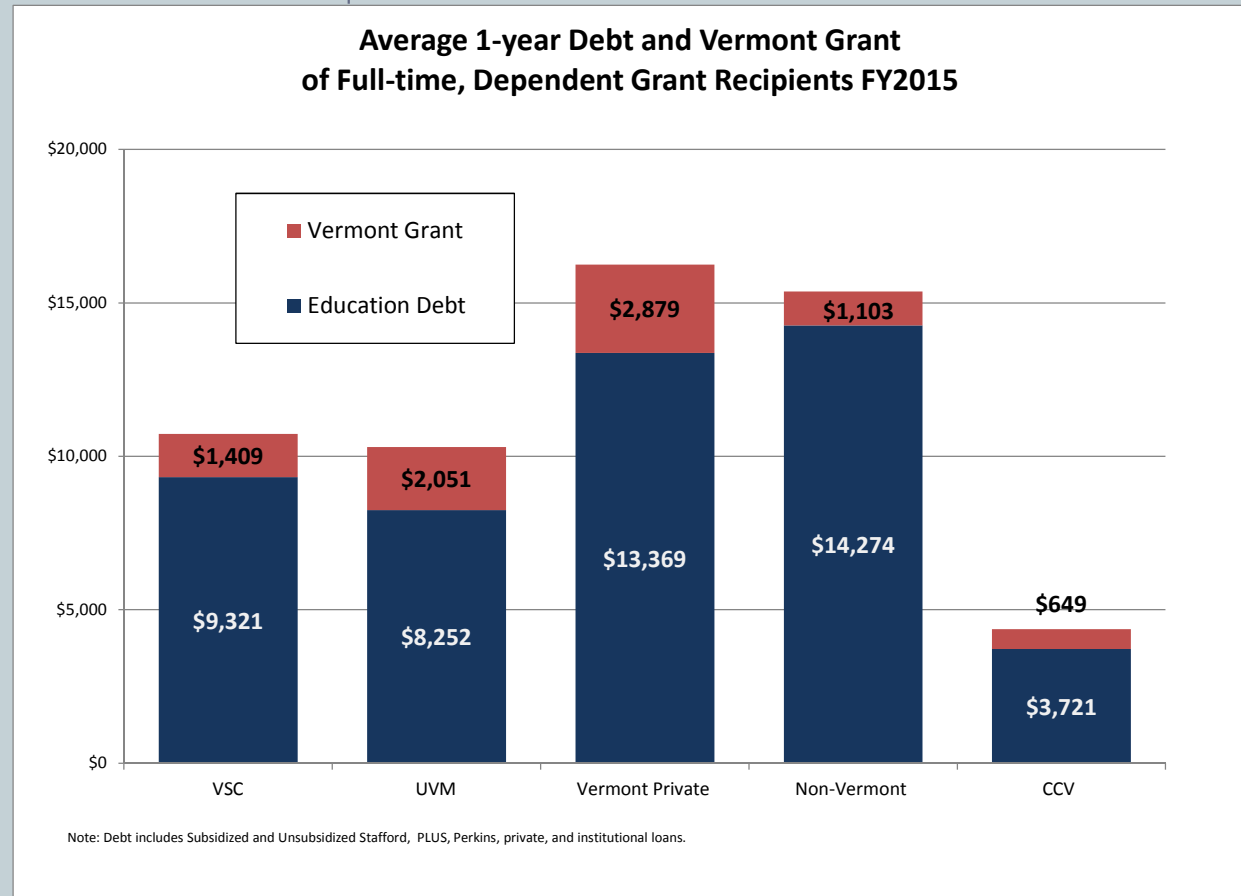


Source date: Jan, 2016

The result: Vermont families shoulder the burden

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- According to the recent Young Invincibles report(2016), 82 percent of the cost of college is carried by Vermont families, highest in U.S.



VSAC Grants

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- The Vermont grant was one of the first need-based state education grant programs.
- Recognized nationally as one of the most targeted grant programs.
 - ✦ Grant policies are designed to target grants to students and families with the greatest need
- One of first part-time grant programs in the country
- First non-degree grant in the country

Vermont State Grants by income

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GRANT RECIPIENTS (FULL-TIME, PART-TIME, NON-DEGREE) BY INCOME, FY2015

| INCOME RANGE | NUMBER OF GRANT RECIPIENTS | GRANT RECIPIENTS | | DOLLAR AMOUNT OF GRANT AWARDS | GRANT DOLLARS | |
|---------------------|----------------------------|------------------|------------|-------------------------------|---------------|------------|
| | | Percent | Cumulative | | Percent | Cumulative |
| \$0 - \$10,000 | 2,495 | 18.3% | 18.3% | \$4,256,557 | 22.1% | 22.1% |
| \$10,001 - \$20,000 | 2,151 | 15.8% | 34.1% | \$3,281,451 | 17.1% | 39.2% |
| \$20,001 - \$30,000 | 1,908 | 14.0% | 48.2% | \$2,961,696 | 15.4% | 54.6% |
| \$30,001 - \$40,000 | 1,436 | 10.6% | 58.7% | \$2,196,469 | 11.4% | 66.1% |
| \$40,001 - \$50,000 | 1,142 | 8.4% | 67.1% | \$1,733,851 | 9.0% | 75.1% |
| \$50,001 - \$60,000 | 1,026 | 7.5% | 74.6% | \$1,485,921 | 7.7% | 82.8% |
| \$60,001 - \$70,000 | 947 | 7.0% | 81.6% | \$1,173,640 | 6.1% | 88.9% |
| \$70,001 - \$80,000 | 730 | 5.4% | 87.0% | \$788,664 | 4.1% | 93.0% |
| over \$80,000 | 1,773 | 13.0% | 100.0% | \$1,339,262 | 7.0% | 100.0% |
| TOTAL | 13,608 | | | \$19,217,511 | | |

VSAC Grants Fund Students Not Schools

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- VSAC grant aid reduces the unmet need of students and schools must report all financial aid provided to a student as part of the certification process.
 - ✦ VSAC reduces the award if total grant and institutional aid dollars exceed need under VSAC need analysis
- VSAC grants are used to reduce unmet need or student loan debt.
- Non-Vermont schools provide \$50 million in non-loan financial aid

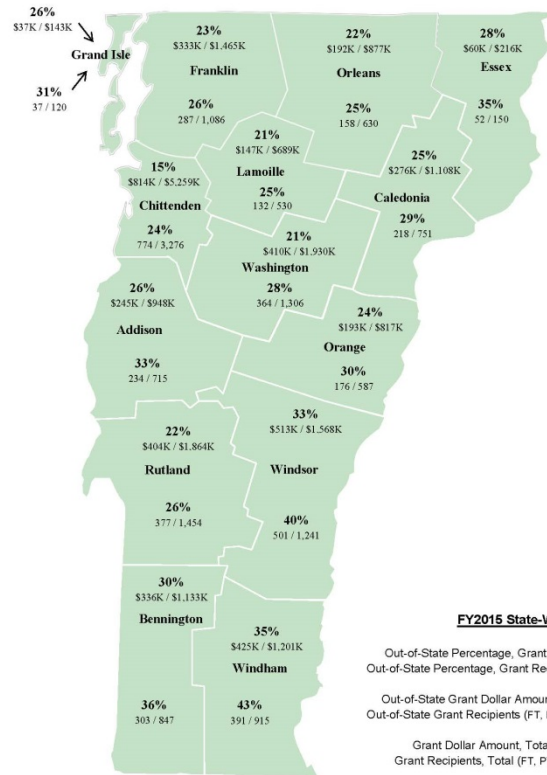
Portability

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- Vermont grants may be used by Vermont students to pay for education at the program or institution that best meets their needs
- 71% of grant recipients student at a Vermont institution
- 29% of grant recipients study out of state (4,004 students), using \$4.4 million in grants
- Seven out of 10 of students who study outside Vermont do so at a state that borders Vermont.
- A student studying outside Vermont cannot receive a grant larger than s/he would receive to study at the four-year Vermont State Colleges.

In your county ...

**Percentage of FY2015 Grant Recipients
Attending Out-of-State Institutions by County
With Dollar Amount and Number of Recipients**
(Full-time, Part-time, and Non-Degree Grant Recipients)



FY2015 State-Wide Totals:

Out-of-State Percentage, Grant Dollars: 23%
 Out-of-State Percentage, Grant Recipients: 29%
 Out-of-State Grant Dollar Amount: \$4,384,867
 Out-of-State Grant Recipients (FT, PT, ND): 4,004
 Grant Dollar Amount, Total \$19,217,511
 Grant Recipients, Total (FT, PT, ND): 13,608

Source: VSAC Grant Files

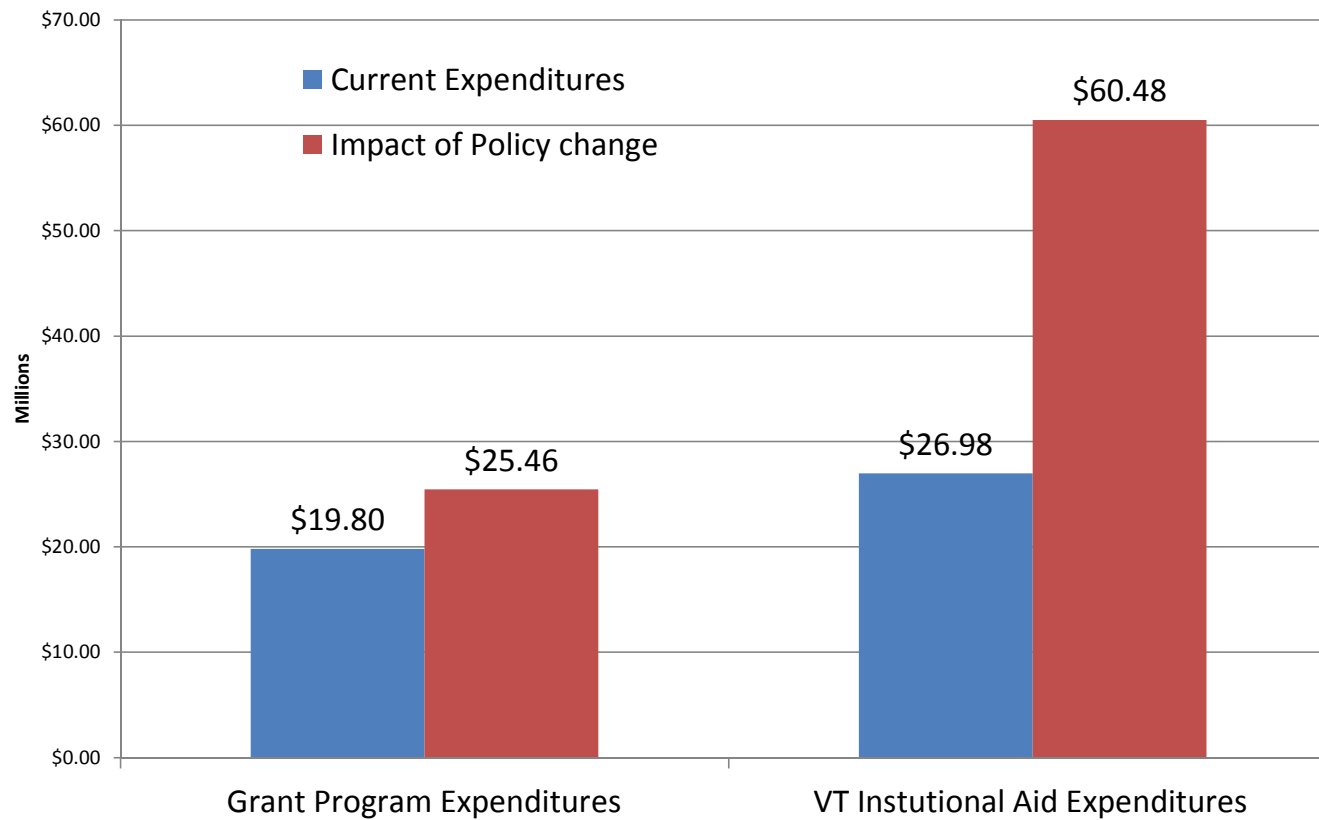
Does ending portability really help Vermont and Vermonters?

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- **To maintain status quo of grant program:**
 - If you believe that these students all stay in Vermont
 - ✦ GF expenditures would increase anywhere from \$3.0 million to \$5.7 million.
 - ✦ Institutional aid expenditures by schools would increase anywhere from \$17.3 million to \$34.7 million.
- **More likely, it means:**
 - In the absence of increased funding
 - ✦ Fewer grant recipients
 - ✦ Reduced grant amounts
 - ✦ Larger debt burden for lowest-income students

Holding students harmless

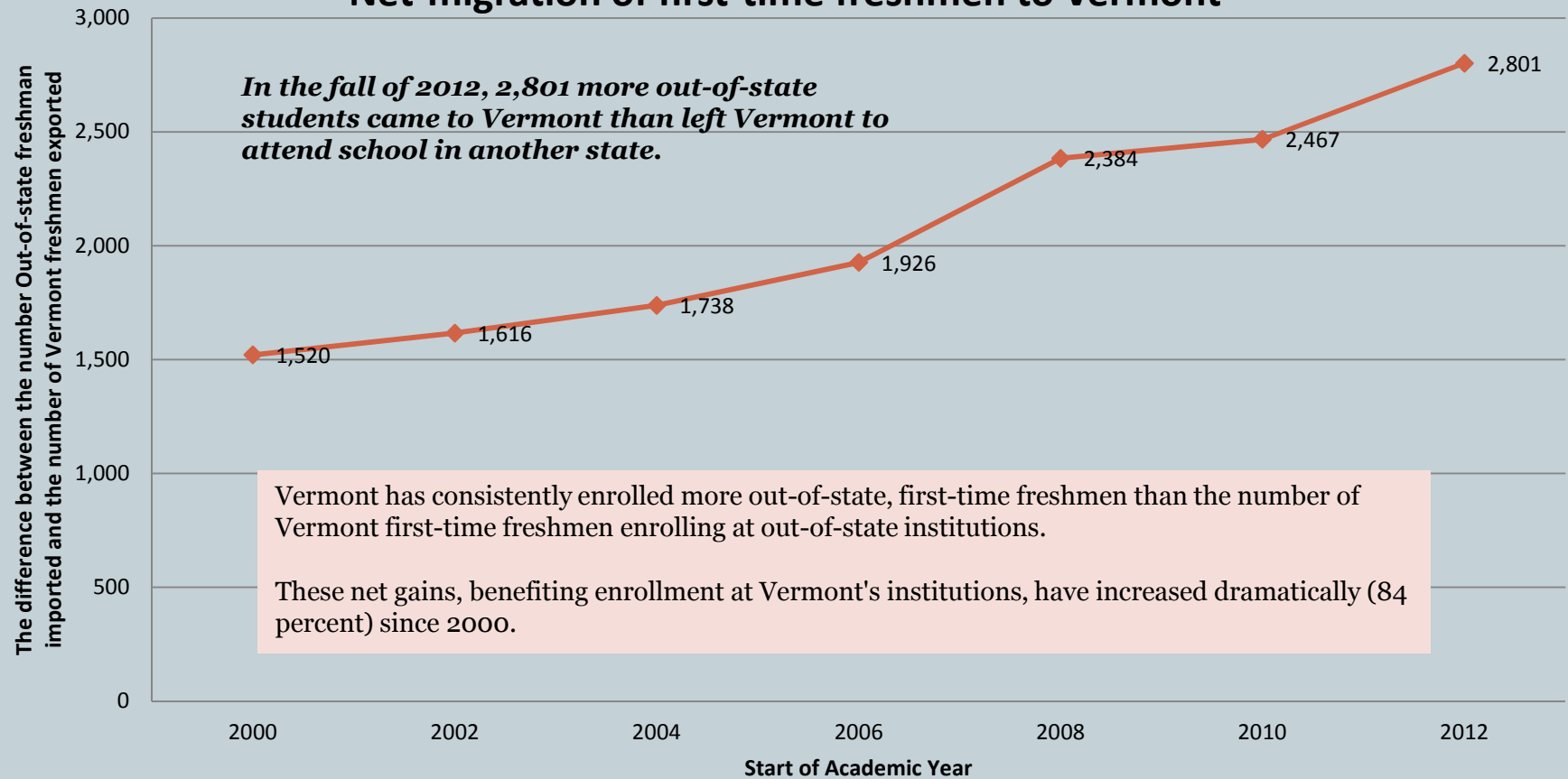
FY14 Actual and Estimated Expenditures for Financial Aid If Grant Recipients are Held Harmless and All Return to VT (in millions)



Vermont is a net-importer of students

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Net-migration of first-time freshmen to Vermont



Brain Circulation



January 28, 2016

Migration Update: Most Vermonters Stay Put

Are young people leaving Vermont?

According to the latest migration data from the Internal Revenue Service, the answer is yes. But they are also moving into Vermont in almost the same numbers. The new data about Vermont—information that hasn't been available before—show that young tax filers are most likely to move across state lines, in both directions.



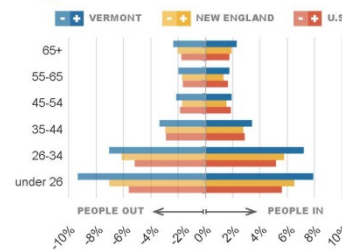
Are the wealthy fleeing Vermont?

No, they are not. The people most likely to leave the state are those with the lowest incomes. And over the last 20 years the average income of those coming into Vermont has exceeded the average income of those leaving.

In fact, migration's effect is practically nil overall. In Vermont, New England, and the rest of the country, most people stay put.¹ In 2013, 97 percent of U.S. tax filers and 96 percent of Vermonters didn't leave their home states. When people moved out, comparable numbers moved in.

Young people everywhere are the most mobile

Proportion of tax filers moving in and out by age, 2013



The young and restless

Throughout the country people under 35 were more than twice as likely to move as those 35 and older. In Vermont, people under 26 were the most likely to move out of the state, but they also made up the largest group moving in.

The New England states lost and gained young people at rates higher than the national average. Among those states, Vermont and New Hampshire experienced the most churn, with over 9 percent of young people leaving and approximately 8 percent moving in.

Data source: IRS Statistics of Income ©2016 Public Assets Institute

¹ New England numbers in this report reflect the sum of each of the six New England states, and not those moving in and out of New England as a whole. Totals also capture those moving in or out of a state to or from another country, so the U.S. total outflow does not match the U.S. total inflow.

Appendix

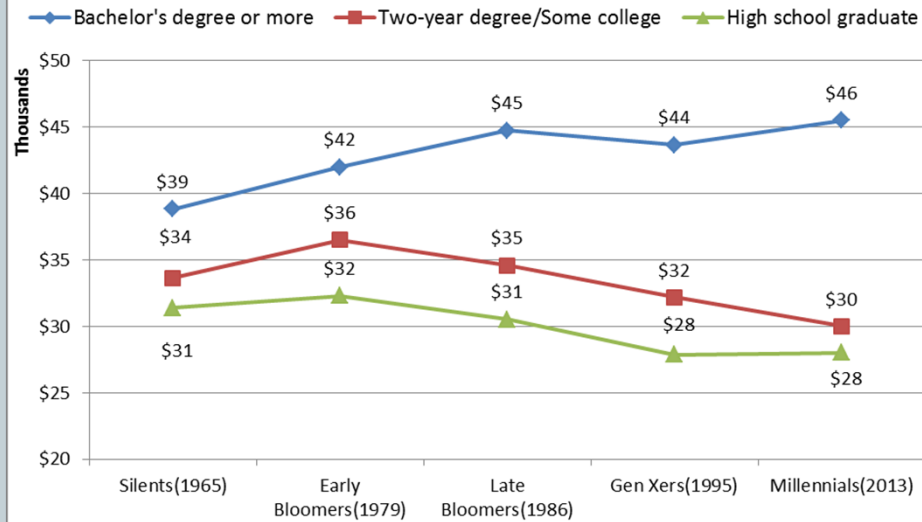
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Rising earning disparity

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

Median annual earnings 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.

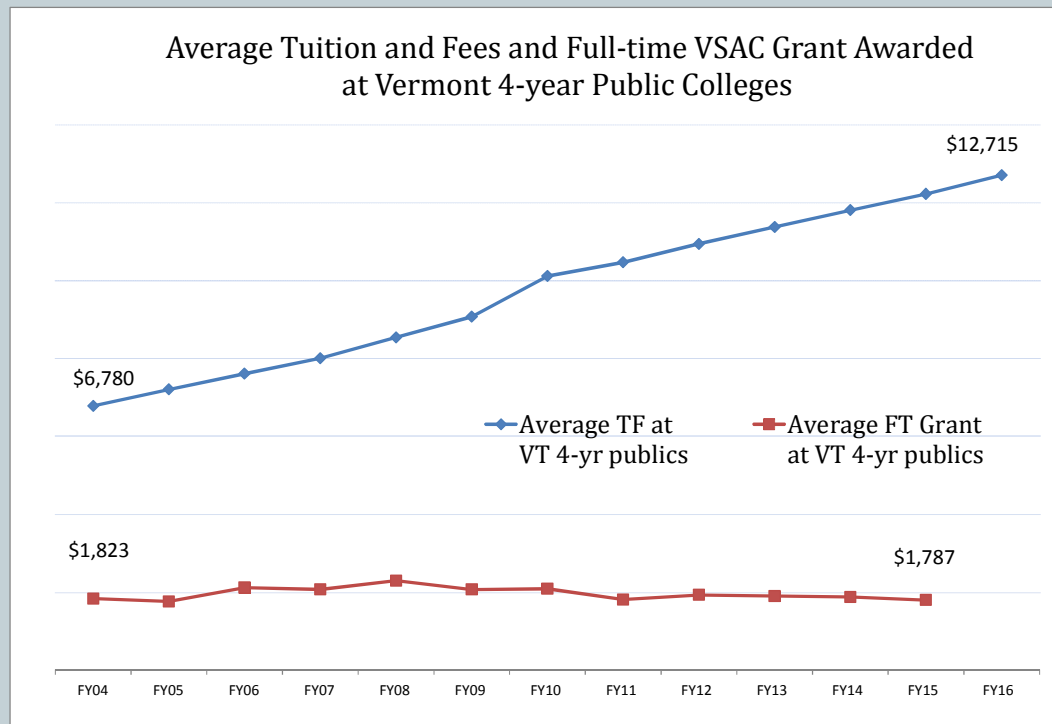
Source: Pew Research Center tabulations of the 2013, 1995, 1986, 1979, and 1965 March Current Population Survey (CPS) Integrated Public Use Micro Samples

PEW RESEARCH CENTER

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.



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.

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.