

Testimony Before the House Appropriations Committee



February 18, 2015

Presented by:

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VERMONT STUDENT ASSISTANCE CORPORATION

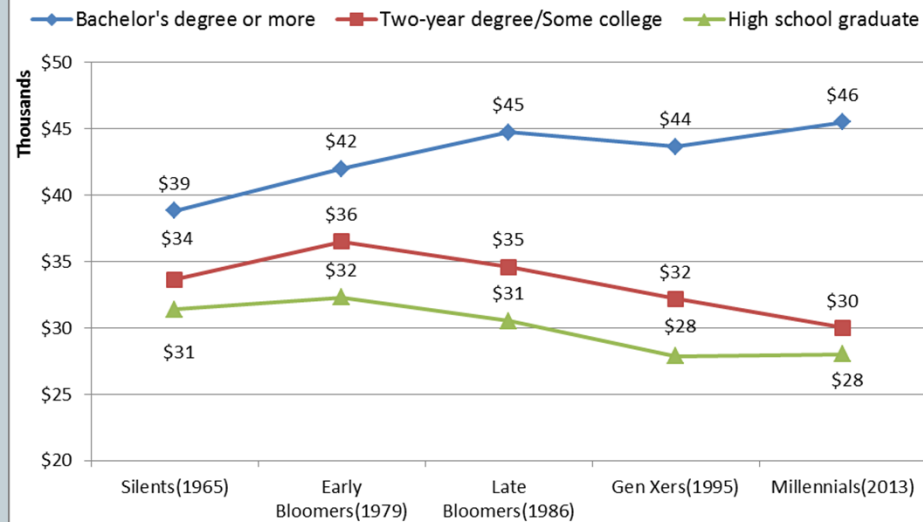


Rising earning disparity

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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

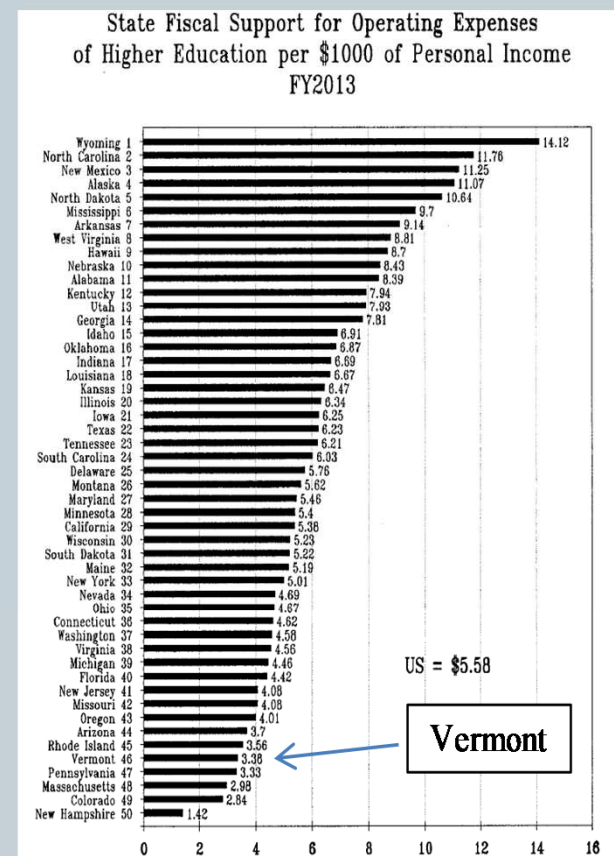
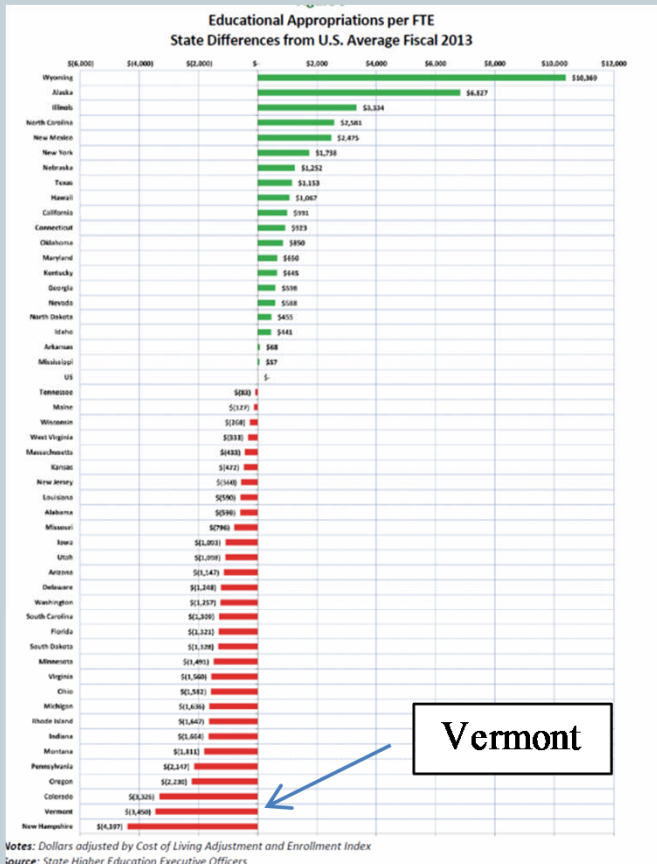
Job opportunities in Vermont also favor education and training

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- Education and training after high school are fundamental to earning a livable wage.
 - McClure Foundation, with VT DoL, has identified 67 high-pay, high-growth jobs in Vermont. Only 9 can be obtained with HS Diploma and training while 17 require an associate's degree and the rest require four-year degree or higher.
- The Federal Reserve of Cleveland studied the differences in economic growth between states. They concluded that a state's "knowledge stocks" as measured by education attainment and patents were the main factors explaining differences in per capita income.
 - Education and training prepares individuals not just for existing jobs but to create new jobs.

Vermont has chosen not to fund higher education

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How did we get here? Higher education funding has risen at 40% rate of the general fund

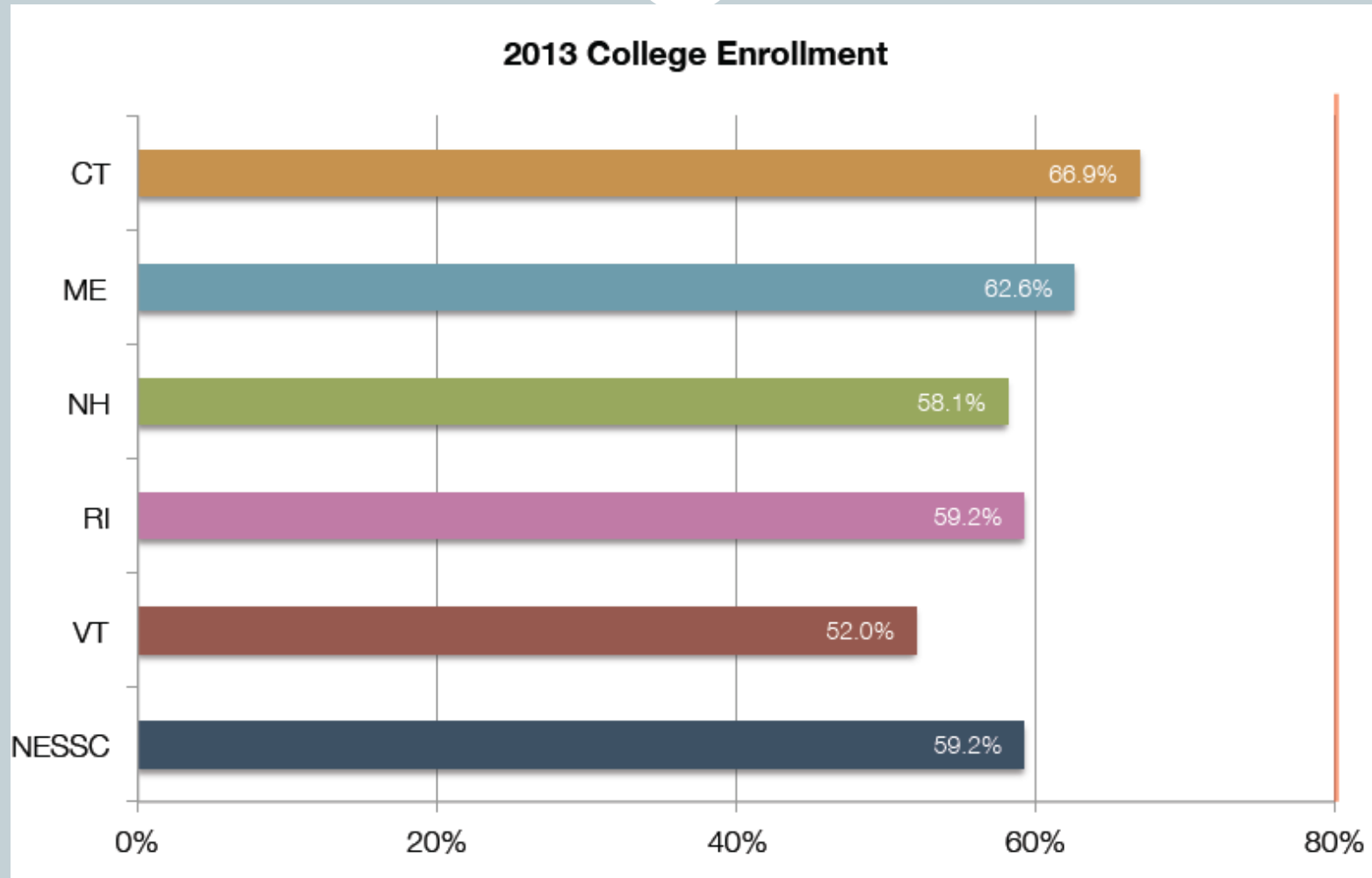
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- For the last 35 years, funding for higher education has risen at less than half the rate of growth of the general fund.
 - In 1980, Vermont spent 11.8% of general fund on higher education compared to only 6 % in 2014.
 - If higher education funding kept pace with rate of growth of the general fund, FY14 appropriation would be \$161.5M, not \$82.9M.
- **The Act 148 Committee recommended:**
 - that higher education funding increase by the rate of the prior year's General Fund increase plus 1 percent; and,
 - Lowering from 125% to 110% the threshold at which unanticipated estate taxes are deposited in the Higher Education trust fund.

What has been the impact?

Our continuation rates are lowest in region

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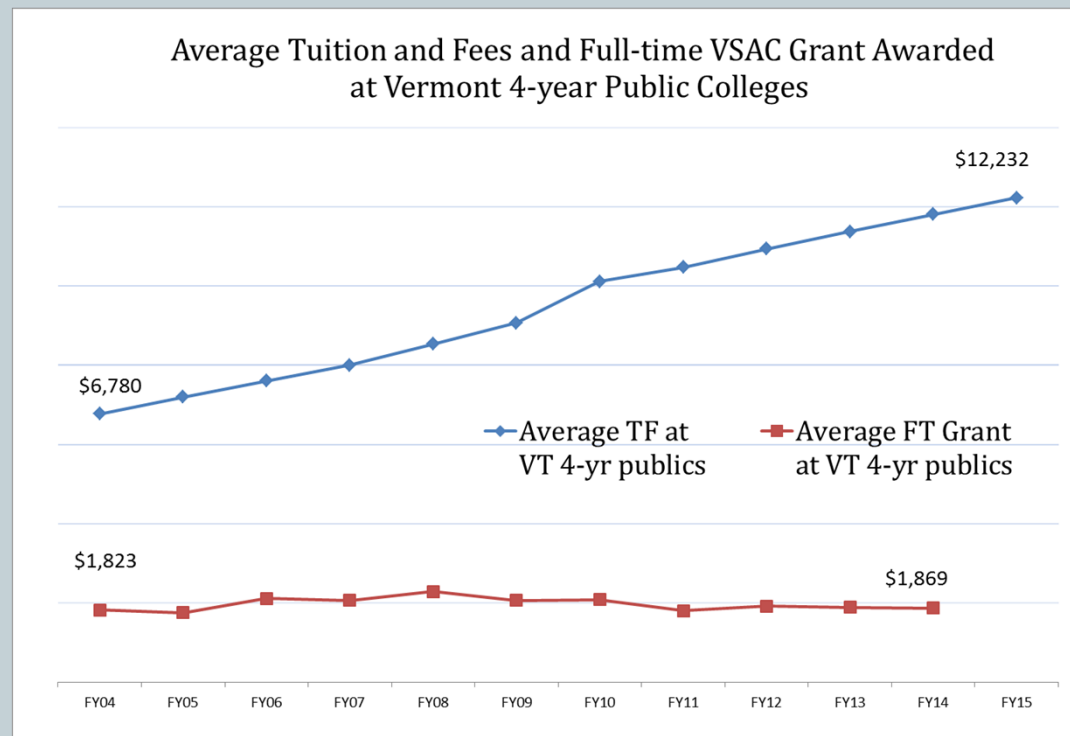
Challenges for Vermont Families

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

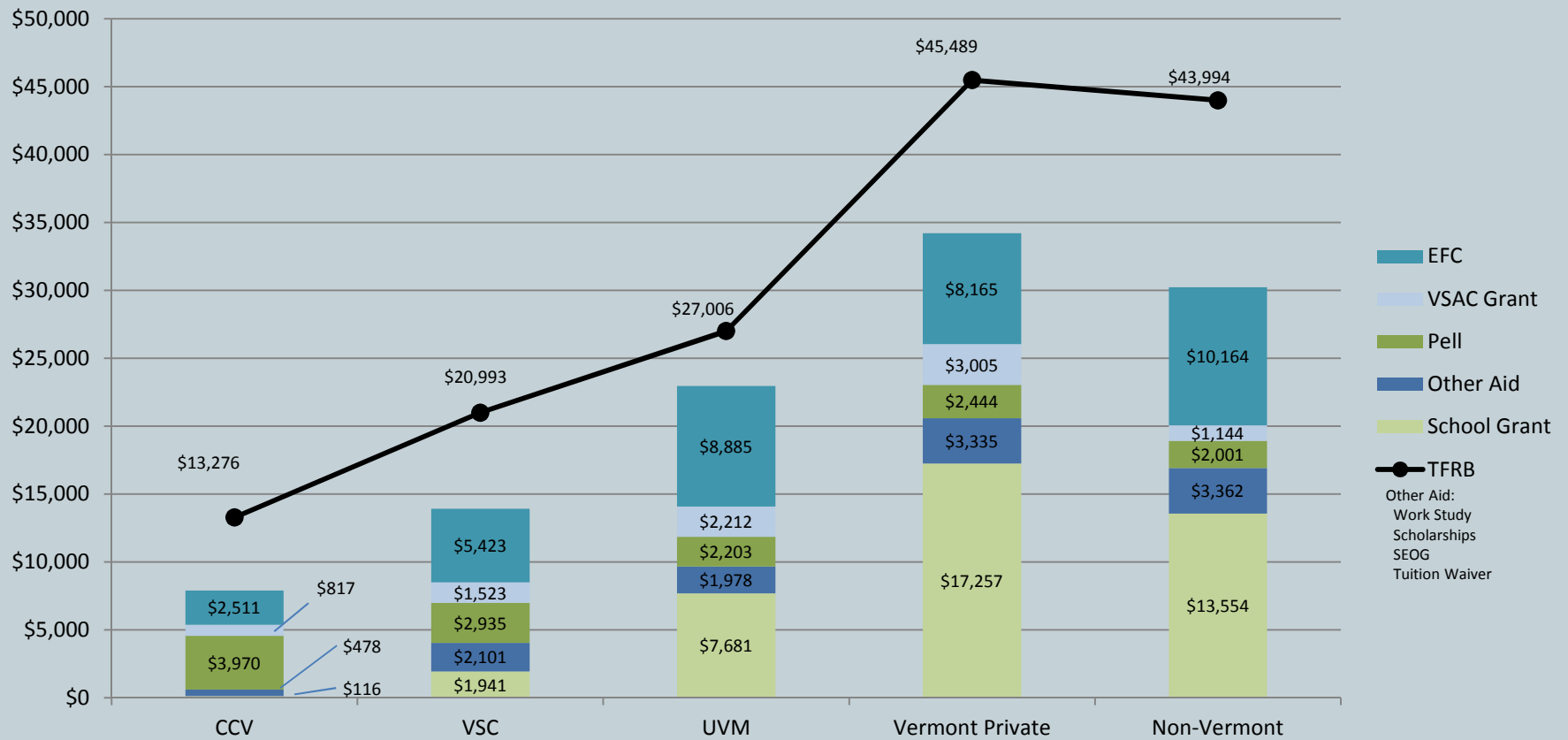
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- Grants, scholarships and federal aid (Pell grants) have not matched increases in college costs, forcing Vermont families to shoulder larger share of burden.
- In 2012, Vermont families paid about 22 percent more of median family income for tuition and fees for a four-year institution vs. New England average.



Financial aid packages leave gaps that must be funded with debt

Gift Aid, EFC, and TFRB by Sector at 4-Year Schools and CCV
FY2015 Full-time Dependent Grant Recipients



Vermont institutions face demographic hurdles

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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.
- Retention and completion are key. Vermont postsecondary institutions are working to change from model of “fill seats” to “keep students in the seats.”
- At Vermont's public institutions, the number of students who graduate:
 - within four years – 17-65 percent
 - within six years – 34-76 percent

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 FY14: 13,586 grants worth \$19.7M
 - Full-time: 8,909 grants for \$15.6M
 - Part-time: 3,312 grants for \$1.6M
 - Nondegree: 1,365 grants for \$2.5M

Scholarship programs

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- VSAC administers 165 mostly private scholarships:
 - Applicants compete for awards based on financial need, academic interests and more
 - In FY14, awarded 1,877 scholarships worth about \$5.5 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 Endowment Scholarships
- Since 1966, VSAC has helped award more than 47,000 scholarships worth more than \$84 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**
 - Provides support and campus initiatives that focus on retention for first-year students with the goal of persistence into the third semester.
- **Employment Opportunity Center**
 - Provides counseling and information on college admissions to qualified adults who want to enter or continue a program.
 - Served 1,817 adults; 73% are low income and first generation; 1,219 applied for financial aid; 1,031 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 (1st year)**
 - Lamoille Union High school is first pilot; we are working to establish the second pilot in southern Vermont.
 - Programming throughout the school year that reinforces individual exploration and a culture that anticipates and plans for education after high school. Early evaluations - 70% of students self-report that their future plans have been influenced.
- **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; 73% of students now covered with Naviance.

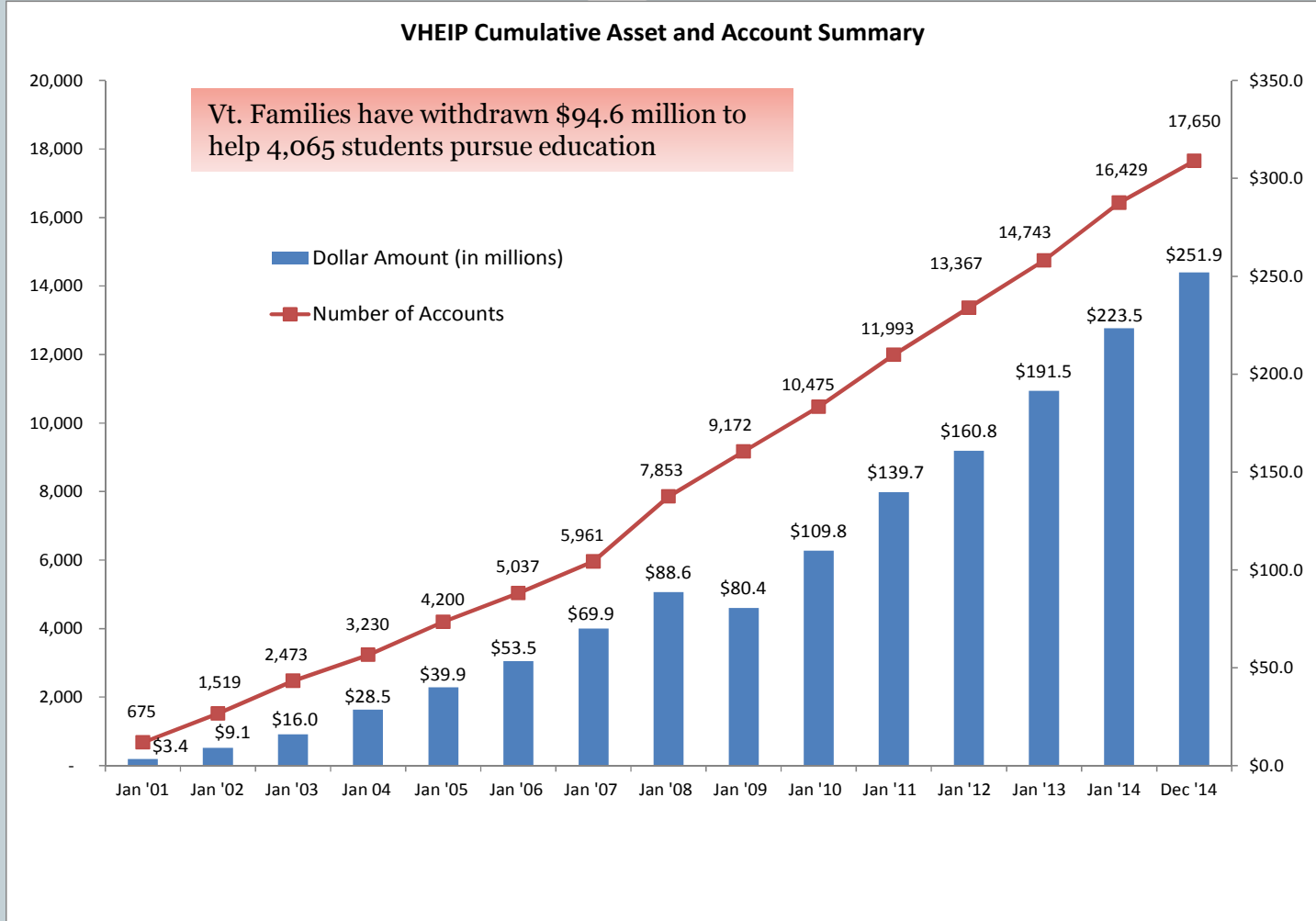
Saving for college: VHEIP

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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.

Vermonters' investments top \$252M

VHEIP Cumulative Asset and Account Summary



Vermont Advantage Loan

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- The Vermont Advantage Loan is a supplemental loan that offers Vermont students among the lowest rates in the country.
- U.S. Department of Treasury has impeded ability to offer loan directly to parents as well as ability to offer a refinancing loan.

FY16 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 3% increase for Higher Education (VSAC, UVM, VSC)
- Expand the aspiration pilots beyond the two that are currently authorized and funded.
- Maintain funding for dual enrollment stipend for books and travel.
- The Act 148 Committee recommended lowering the threshold for funding the Higher Education Trust Fund from 125% of projected estate tax revenues to 110% of projected estate tax revenues.
- Approve resolution supporting delegation's efforts to resolve regulatory hurdles imposed by Treasury.

Questions?

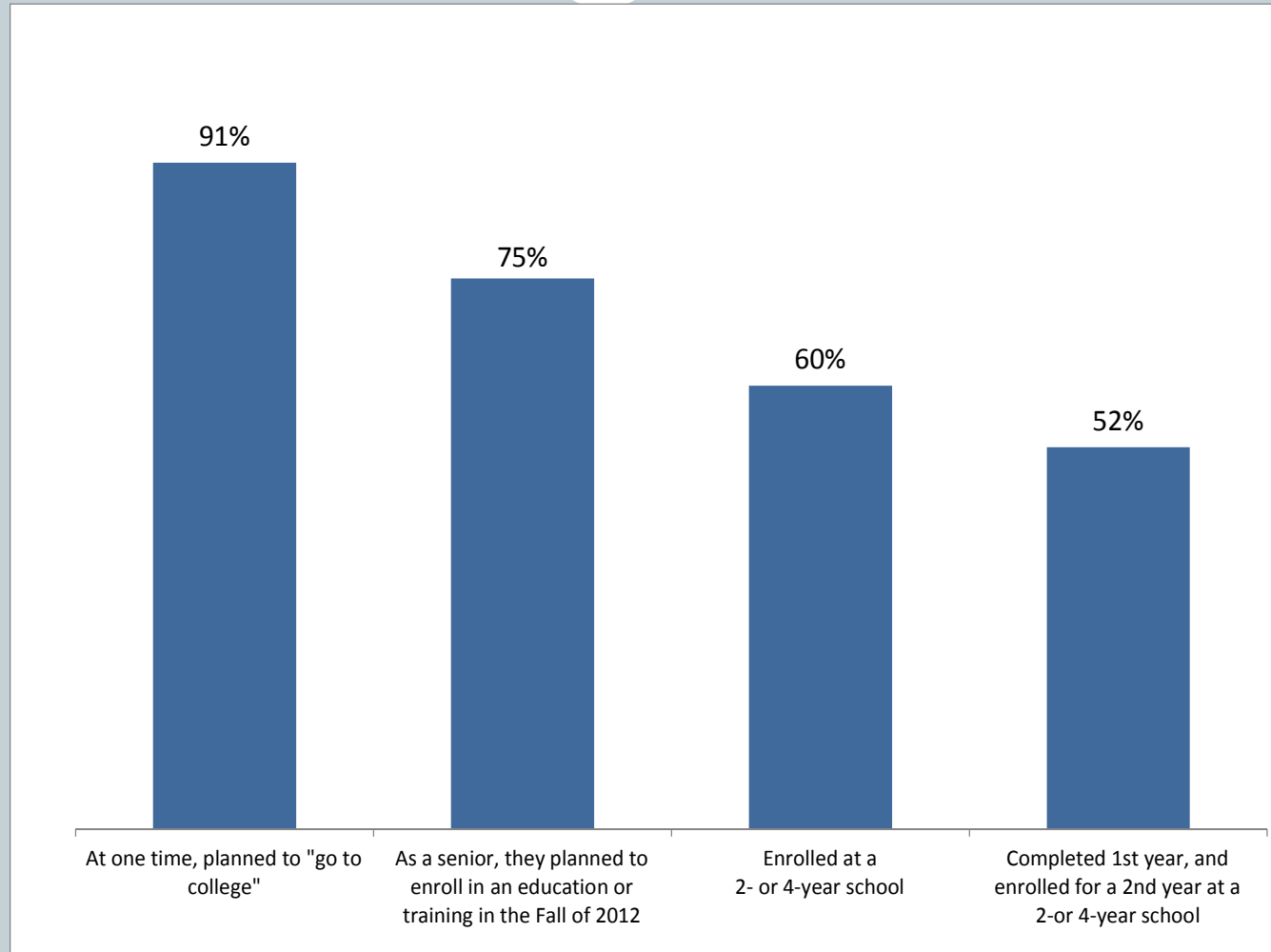
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Appendix

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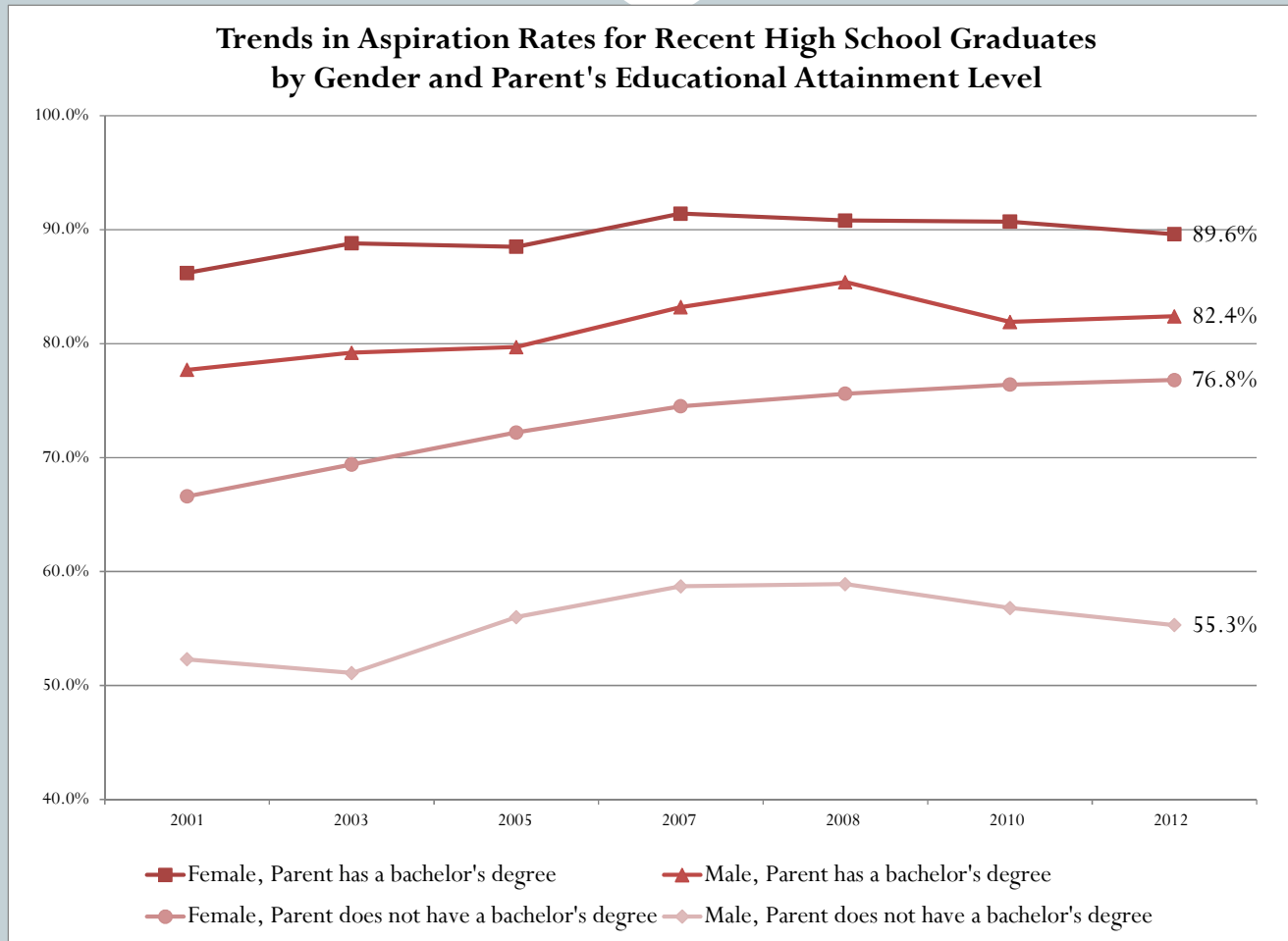
The Vermont student pipeline

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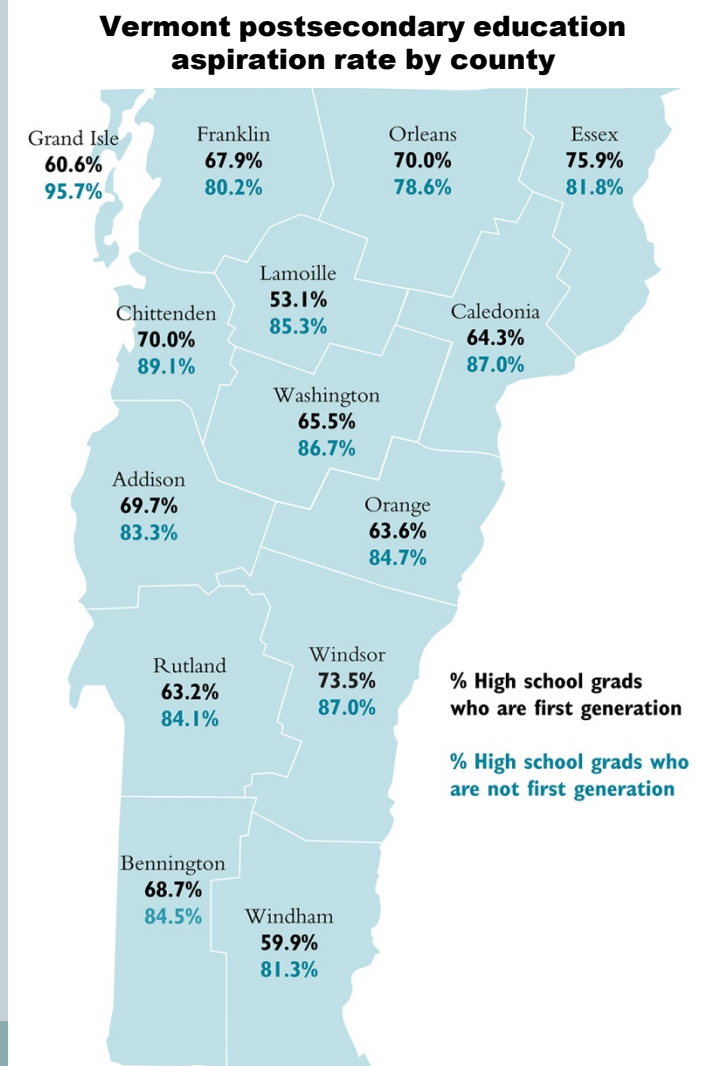
Aspiration rates by gender and parent educational attainment

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Geographic variation in aspirations

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Source: VSAC Senior Survey, Class of 2012

Enrollment by generation status and gender

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

