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UVM's 40% rule makes no sense

Vermont touts itself as a state whose commitment to education has no equal. That is a half-truth. We do well with grades PreK-12. Nationally, no state's commitment is our equal. When it comes to higher education, we fail. Nationally, all states do more to support higher education than does Vermont.

As the economy becomes more dependent on a highly educated workforce, this lack of commitment poses obvious warnings.

What is understood is that we don't have the money to increase our commitment meaningfully. We continue to be plagued with budget deficits.

What do we do?

We can begin by getting rid of the things that hurt, the things that cost us money and the things that make us less competitive.

Here is a big one: The University of Vermont's 40 percent rule.

It's a law few understand, and even fewer acknowledge for the harm that it does. It was language the Legislature added to UVM's charter in 1959. It stipulates that UVM would never be able to charge Vermont students more than 40 percent of what it charges out of state students.

Fifty-seven years later, and the law remains.

It was a great deal for Vermont students. And not that bad for out-of-state students. Why? Because it was also stipulated that the difference between the two tuition rates would be made up through state appropriations. In other words, the taxpayers of Vermont.

If the Legislature had held up its part of the bargain, there would not be an issue. But it hasn't. State appropriations constitute about six percent of the university's revenue. The university makes up the difference.

UVM has had no recourse but to raise tuition for out-of-state students, who now pay more than double what Vermont students pay. This is not sustainable. It places the future of the university in jeopardy.

Why? Because other states are experiencing many of the same budget pressures and the competition for these out-of-state students is intensifying. We're pricing ourselves out of the market. The 40 percent rule eliminates the flexibility we need to compete.

Why would we continue to support a policy that places the only state university we have at risk? Why would we threaten an institution that pushes over a billion dollars a year through the state's economy?

We are also the only state with such a policy in place. No other college or university in America is saddled with this restraint. It's a 57-year-old rule that needs to go.

But it needs to be repealed for reasons beyond UVM's marketplace issues. It prevents us from being able to target financial assistance to those in need. The 40 percent rule puts us in the position of subsidizing all Vermont students, which means we can't focus financial assistance on those truly in need.

That does not make a shred of sense. At any level.

So why does it continue? Because at an emotional level the thought lingers that the 40 percent rule protects Vermont students and if it is repealed that their costs will go up higher than they would otherwise.

But that makes no sense. Why would UVM push away the very people they want? And the 40 percent rule was waived for graduate and online students two years ago, yet the school has not raised their rates beyond the normal rate of inflation.

It's a concern without basis.

If the 40 percent rule did not exist what UVM would be able to do is to expand its undergraduate population. It would be able to generate more revenue through more students, at lower tuition rates.

What does that do? It strengthens UVM, which strengthens the state.

And it's budget-neutral. The Legislature doesn't have to appropriate an extra dime.

In sum, the reasons to rid ourselves of the 40 percent rule are:

- to protect the viability of the state's university and a billion dollar industry
- to be able to target financial aid to those Vermont students who need it most
- to allow UVM to become more competitive in the marketplace
- to improve UVM's competitiveness at no cost to taxpayers

The downside?

There is none. This is just one more example of a policy relic that does us harm.

Fortunately, at a local level we have two representatives who can assist in making this happen. The first is Sen. Dustin Degree, who sits on the education committee, and who understands the threat of the 40 percent rule to UVM. The second is Rep. Carolyn Branagan, who sits on Ways and Means, and who, for years, was a UVM trustee. She also understands the importance of UVM and its need to move past the 40 percent rule.

Their voices will be important as the Legislature considers how it can rebuild its commitment to higher education in Vermont.

This is an easy, crucial, no-cost way to begin.

by Emerson Lynn