

Testimony Before the Senate Education Committee



February 11, 2016

Presented by:

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



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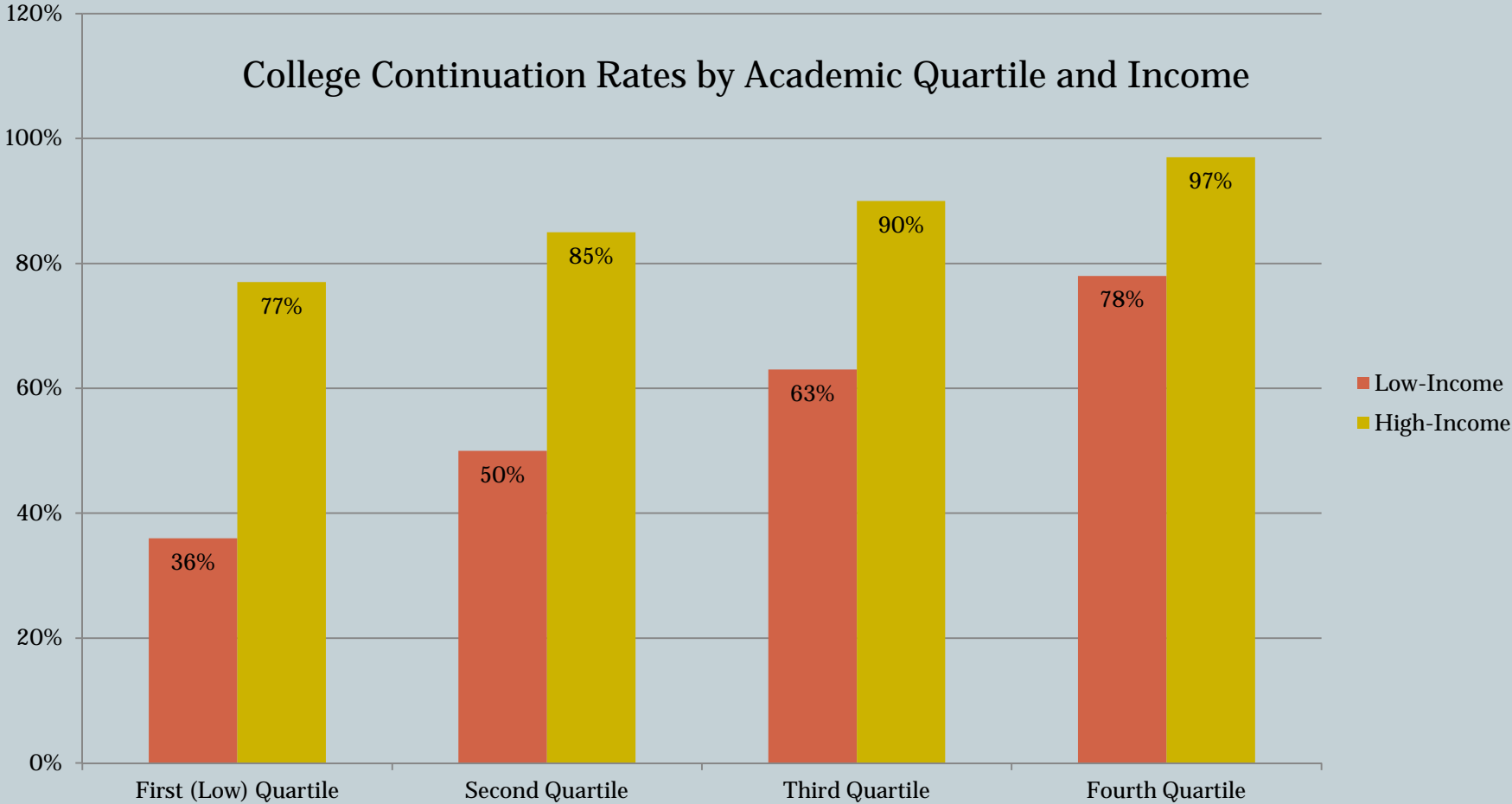
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The Unspoken Equity Issue

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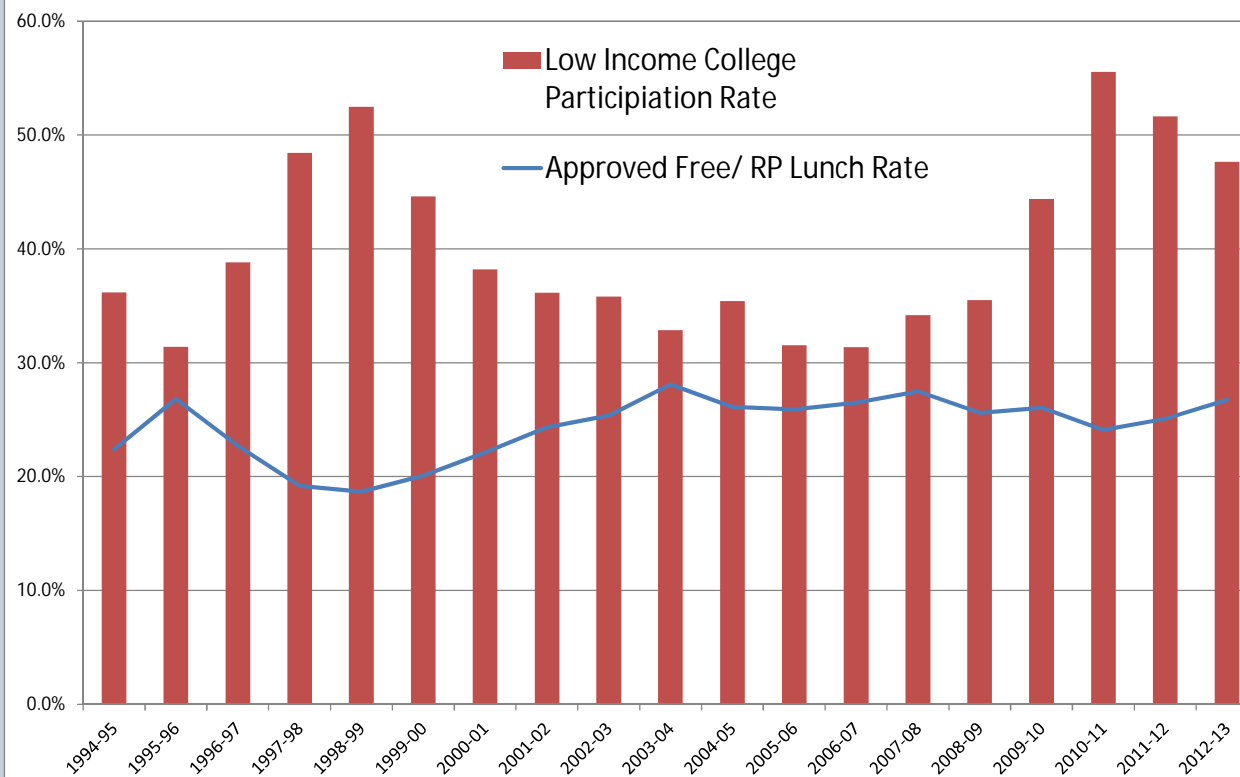


Source: College Board

Higher education participation among low-income Vermonters

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

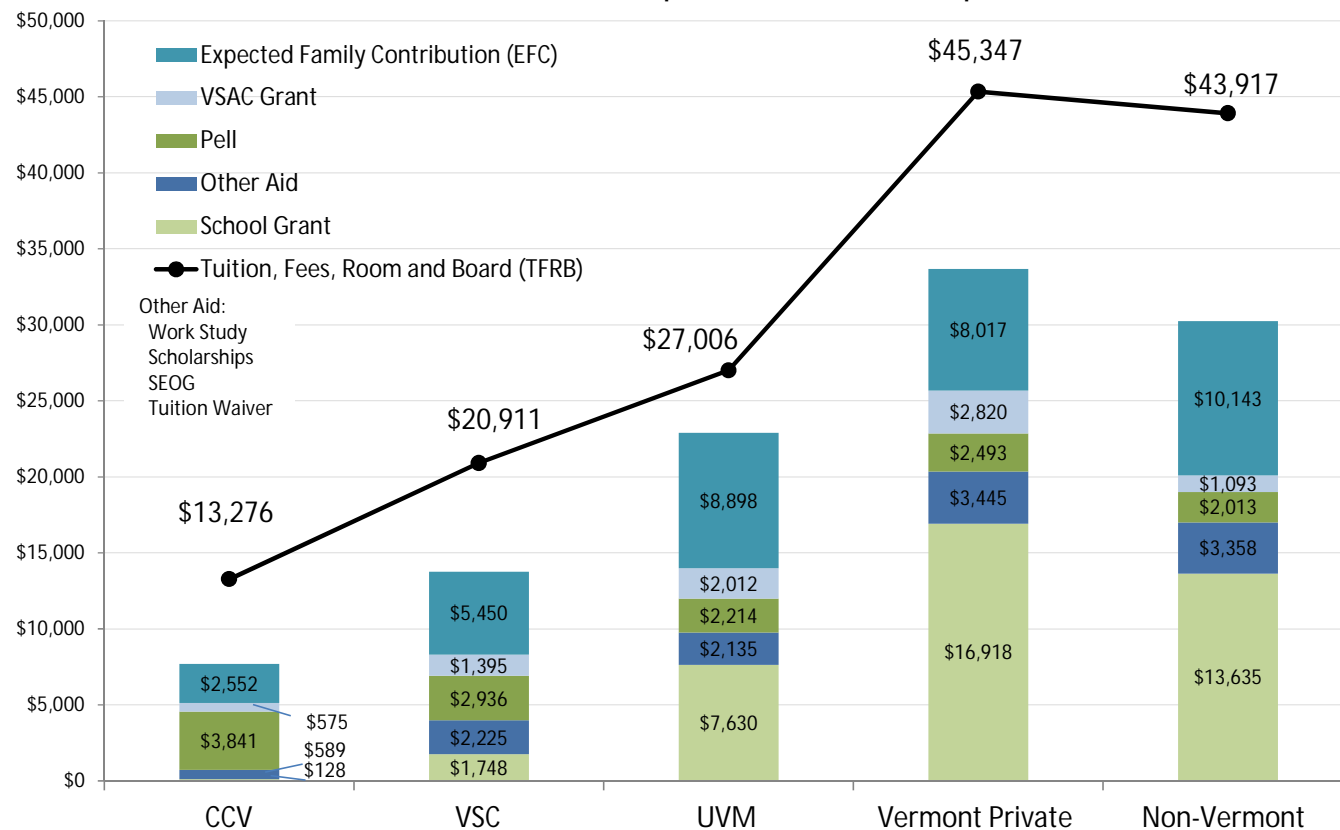


Source: Postsecondary Education OPPORTUNITY

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

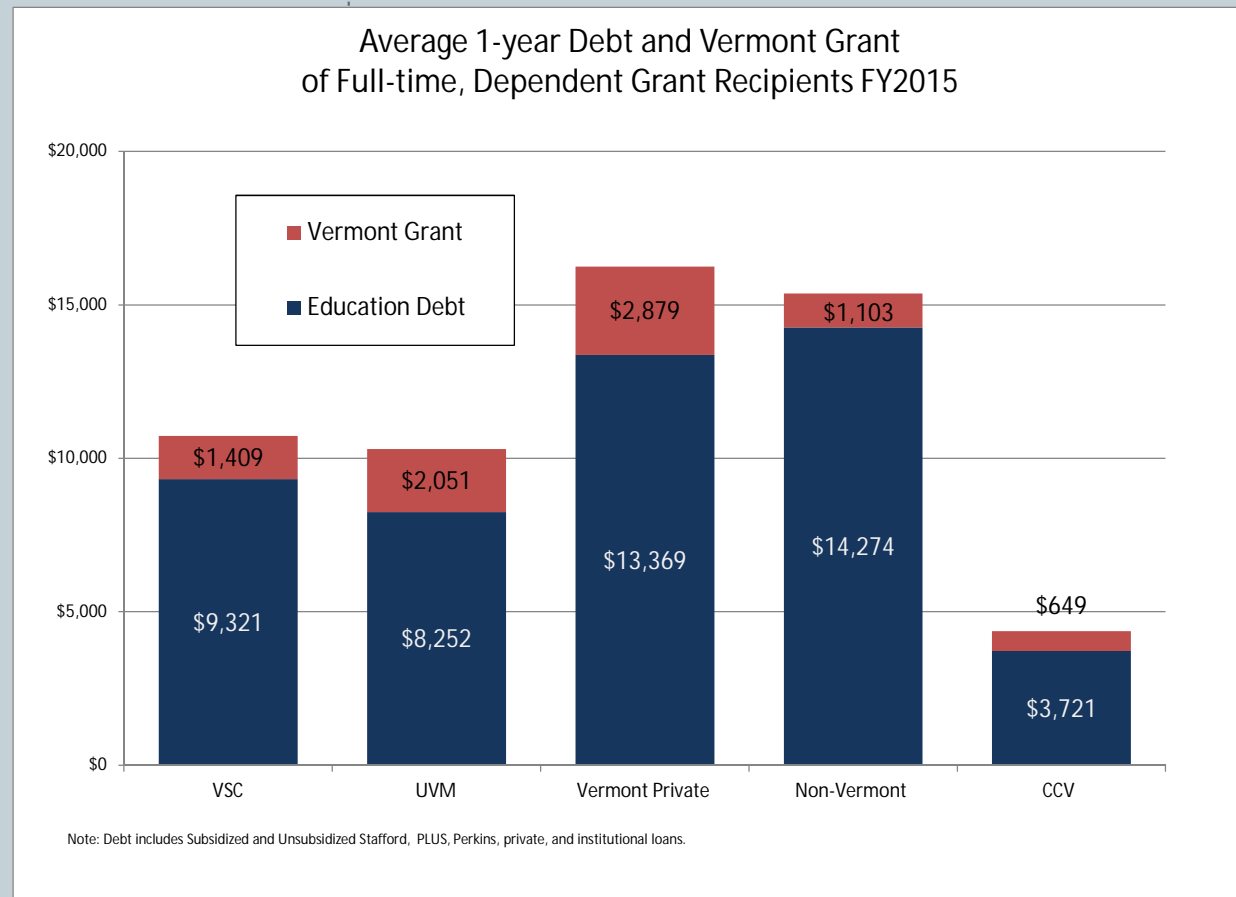


Source date: Jan, 2016

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 Vermont grant recipients with \$50 million in non-loan financial aid

Portability

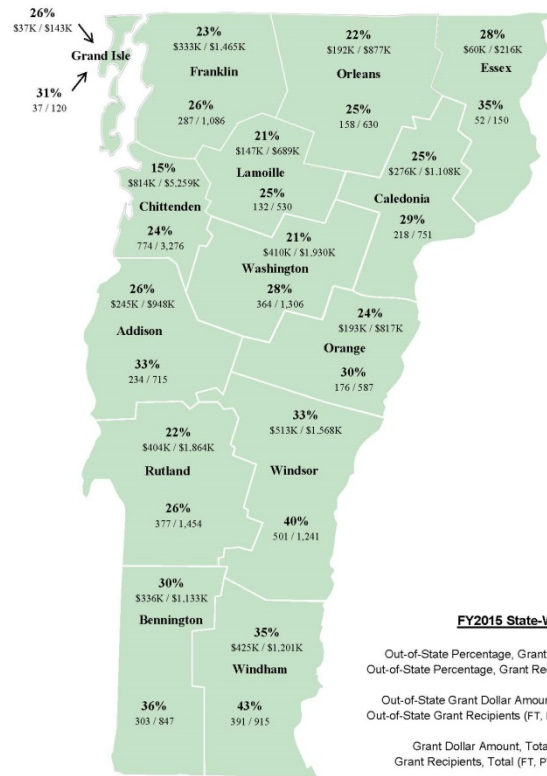
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- Vermont grants may be used by Vermont students to pay for education at the program or institution that best meets their needs
- 71% of grant recipients student at a Vermont institution
- 29% of grant recipients study out of state (4,004 students), 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.

By County

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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?

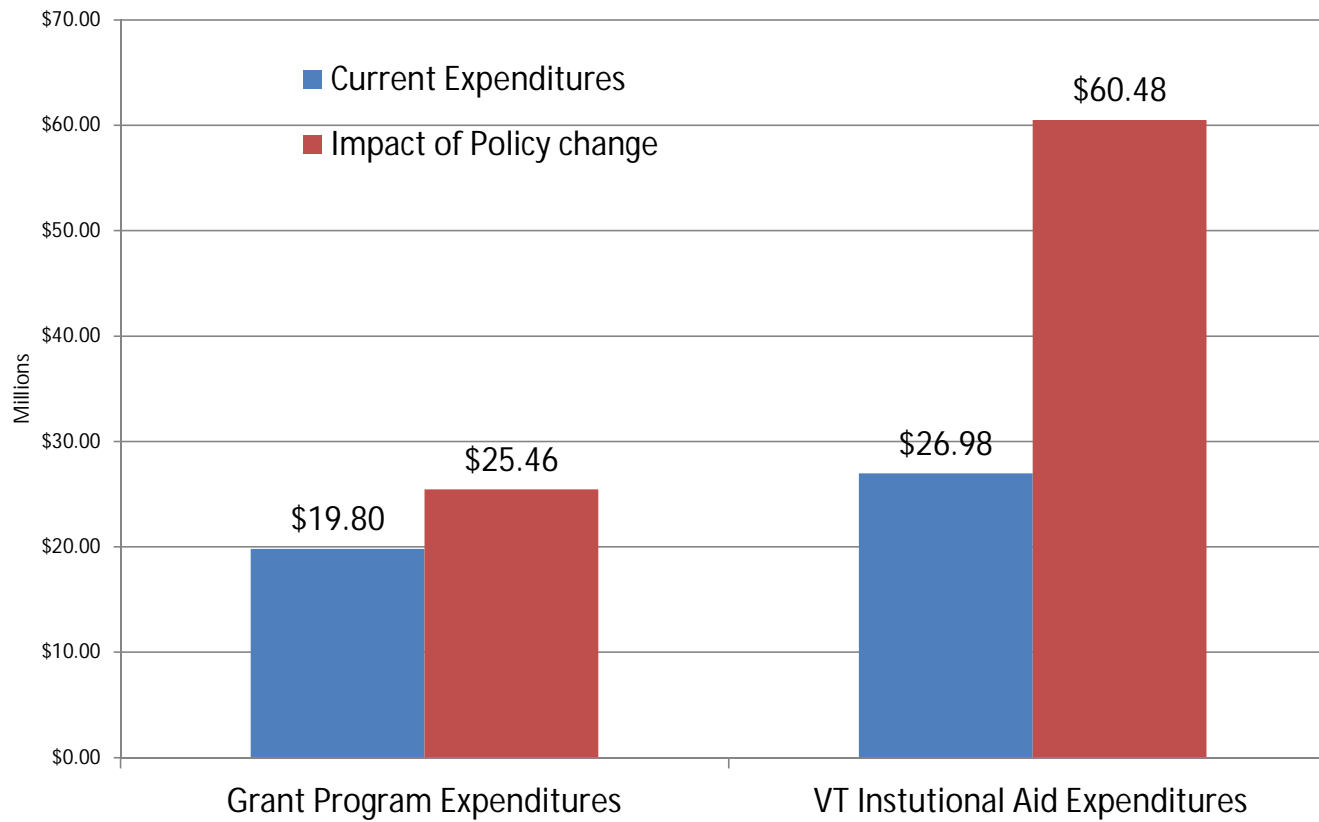
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- To maintain status quo of grant program:
 - If you believe that these students all stay in Vermont
 - ✦ GF expenditures would increase anywhere from \$3.0 million to \$5.7 million.
 - ✦ Institutional aid expenditures by schools would increase anywhere 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

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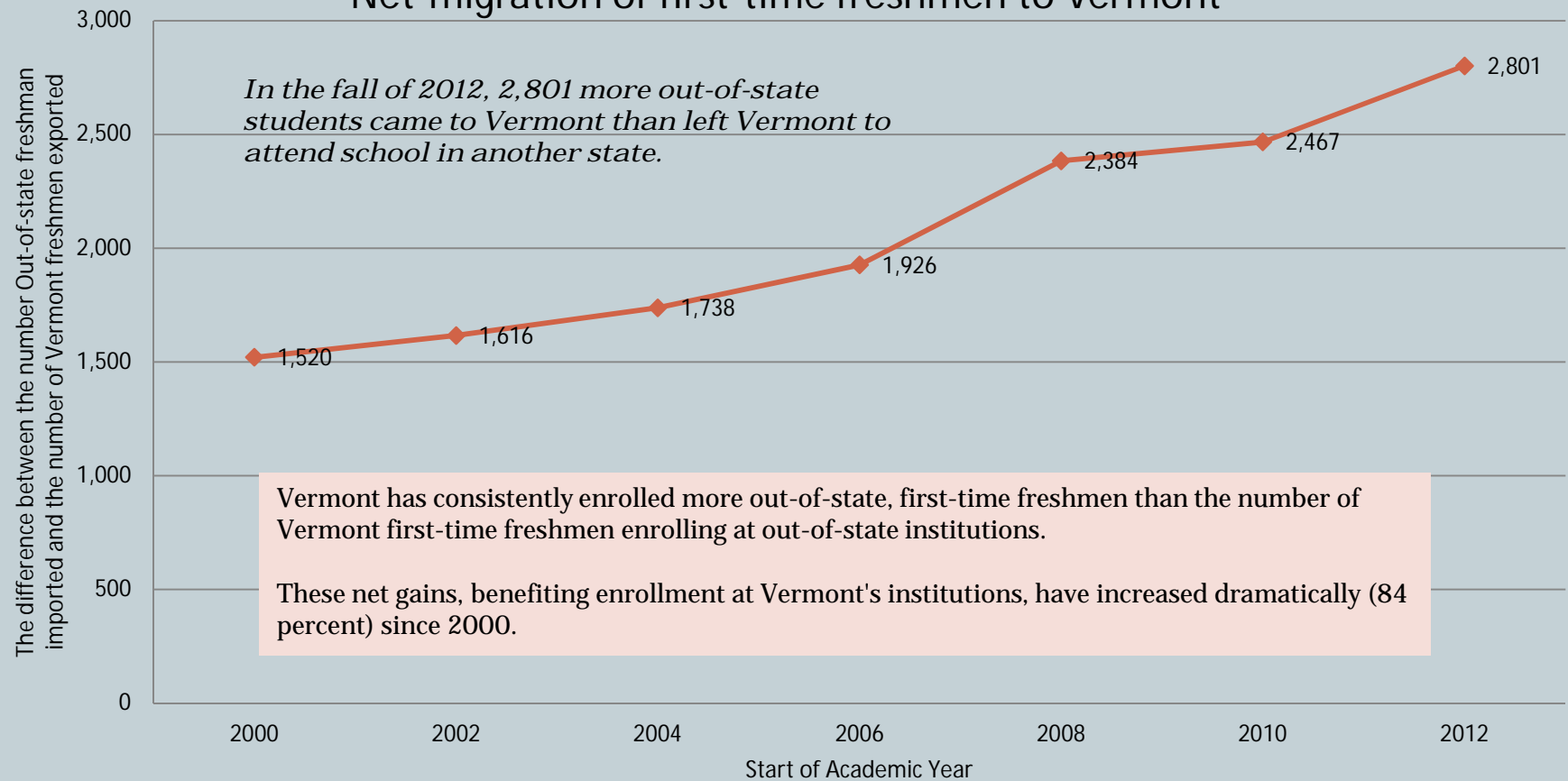
FY14 Actual and Estimated Expenditures for Financial Aid If Grant Recipients are Held Harmless and All Return to VT
(in millions)



Vermont is a net-importer of students

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Net-migration of first-time freshmen to Vermont



Appendix

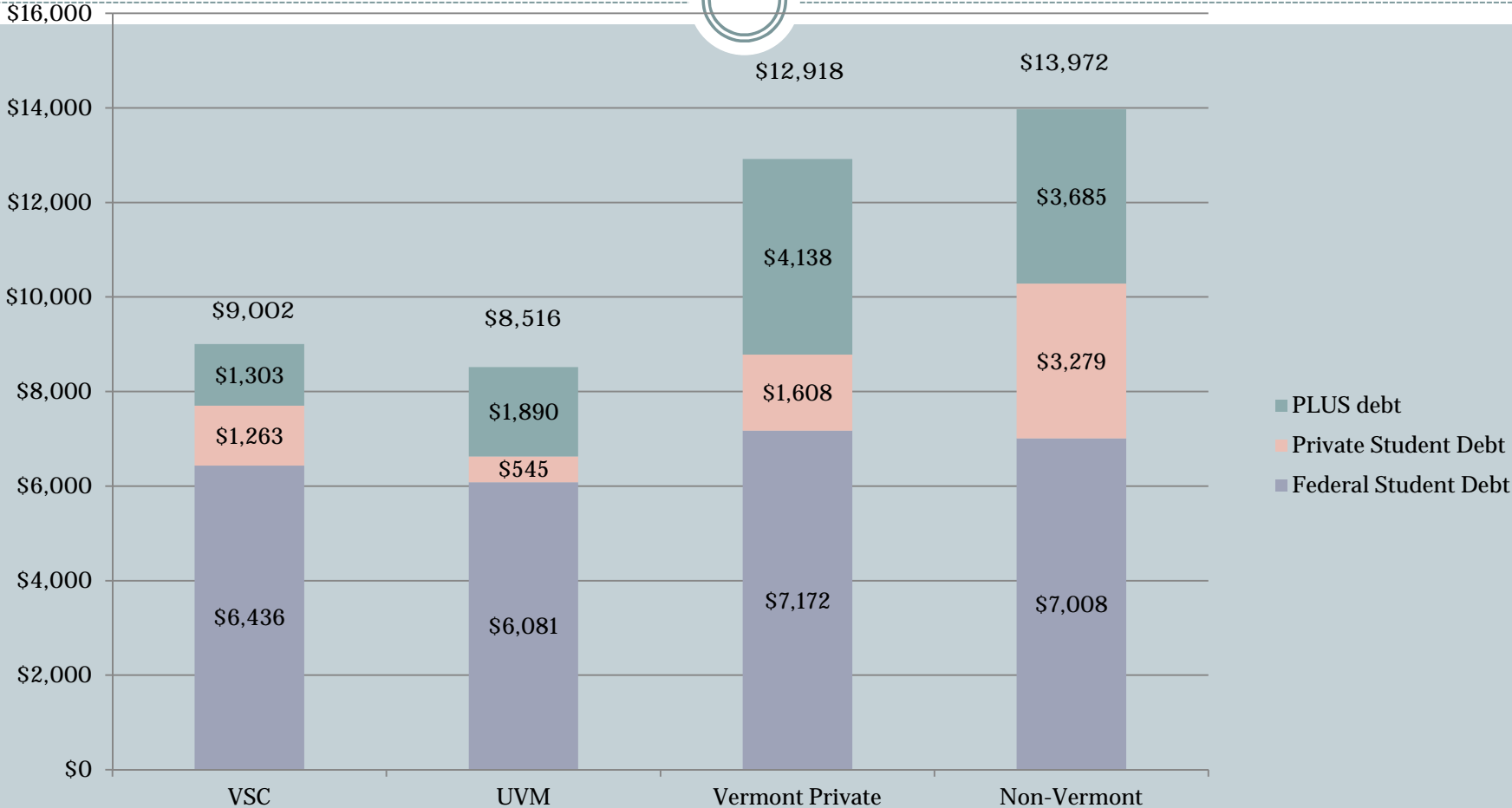
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The focus turns to nontraditional students

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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.

Average 1-year Debt of Grant Recipients, FY2015
 Full-time, Dependent Grant Recipients Enrolled at 4-year Schools With Stafford Debt



Federal student debt includes subsidized Stafford, unsubsidized Stafford, and Perkins loans.
 Private student includes non-federal loans from sources such as VSAC and colleges.