

1 S.102

2 Introduced by Senator Pollina

3 Referred to Committee on

4 Date:

5 Subject: Education; postsecondary; tuition scholarship program

6 Statement of purpose of bill as introduced: This bill proposes to: (1) lower the
7 cost of tuition for Vermont students from families with low and moderate
8 income who attend the Vermont State Colleges by creating the Vermont
9 Promise Scholarship Program; (2) double the bank franchise tax on financial
10 institutions with deposits in excess of \$750,000,000.00 to provide funding for
11 the Vermont Promise Scholarship Program; (3) require that the Vermont
12 Student Assistance Corporation award grants and scholarships solely for use at
13 the Vermont State Colleges, at the University of Vermont, or at educational
14 institutions in states that have executed a reciprocity agreement with Vermont;
15 and (4) direct the Vermont Student Assistance Corporation to use award grant
16 funding that would have been used to pay tuition to out-of-state schools to fund
17 the Vermont Promise Scholarship Program.

18 An act relating to the reduction of postsecondary tuition for Vermont
19 students from families with low and moderate income

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 * * * Vermont Promise Scholarship Program; Creation * * *

3 Sec. 1. 16 V.S.A. chapter 87, subchapter 3A is added to read:

4 Subchapter 3A. Vermont Promise Scholarship Program

5 § 2848. VERMONT PROMISE SCHOLARSHIP PROGRAM

6 (a) Title. This subchapter shall be known and may be cited as the

7 “Vermont Promise Scholarship Program.”

8 (b) Definitions. As used in this section:

9 (1) “Eligible postsecondary institution” means the Vermont State
10 Colleges.

11 (2) “Eligible postsecondary program” means a curriculum of courses
12 leading to a certificate or an associate’s or bachelor’s degree at an eligible
13 postsecondary institution. Courses taken at a four-year postsecondary
14 institution prior to admission in, or that fulfill prerequisite requirements for, an
15 eligible postsecondary program shall not be considered part of the eligible
16 postsecondary program.

1 (3) “Full-time student” means a student who is enrolled full time at an
2 eligible postsecondary institution for at least two semesters of a single
3 academic year and enrolled in a minimum of 12 semester hours per semester.
4 “Full-time student” includes a student with a documented learning disability
5 who receives accommodations because of the student’s disability and who is
6 unable to take 12 semester hours per semester as a direct result of the student’s
7 disability; provided that the student takes the maximum number of semester
8 hours that is established by the eligible postsecondary institution as feasible for
9 the student to attempt.

10 (4) “Gift aid” means grant or scholarship financial aid received from the
11 federal government and grant or scholarship financial aid received from the
12 State.

13 (5) “Promise scholarship” means a scholarship awarded under this
14 section.

15 (6) “Semester” means a fall, spring, or summer semester at an eligible
16 postsecondary institution, if the institution is on a semester system, or the
17 equivalent if the institution is on a system other than a semester system.

18 (c) Administration of Program. The Corporation shall administer the
19 Vermont Promise Scholarship Program under the following terms and
20 conditions and subject to the availability of funds deposited into the Vermont
21 Promise Scholarship Fund established under section 2849 of this title:

1 (1) To qualify for a promise scholarship, the student must:

2 (A) be a Vermont resident as determined by the eligible
3 postsecondary institution;

4 (B) for the first year of undergraduate study, be enrolled full time at
5 an eligible postsecondary institution or be accepted for admission on a full-
6 time basis at such an institution, and for each year following the first year of
7 undergraduate study, be a full-time student and have been certified by the
8 institution to have a cumulative 2.0 grade point average as set forth in rules or
9 policies adopted by the Corporation; and

10 (C) be seeking a certificate or an associate's or bachelor's degree.

11 (2) Exceptions to the qualification requirements under subdivision (1) of
12 subsection (c) may be made by the Corporation for extenuating circumstances
13 as provided in rules or policies adopted by the Corporation.

14 (3)(A) Students applying for the scholarship shall complete the Vermont
15 Promise Scholarship Program application for each academic year of enrollment
16 in accordance with a schedule determined by the Corporation. Students shall
17 complete the free application for federal student aid (FAFSA) and the Vermont
18 grant application each academic year in which they seek to receive a promise
19 scholarship.

1 (B) Promise scholarships may be for a maximum of:

2 (i) three semesters for a student seeking a certificate;

3 (ii) five semesters for a student seeking an associate's degree; or

4 (iii) ten semesters for a student seeking a bachelor's degree.

5 (C) Each applicant for a promise scholarship shall furnish a

6 certificate of income with the application. Attached to the certificate shall be a

7 form of consent, executed by the student and any other required persons,

8 granting permission to the Vermont Commissioner of Taxes to disclose the

9 income tax information required by subdivision (D) of this subdivision (3).

10 (D) The Vermont Commissioner of Taxes, when requested by the

11 Corporation, shall compare any certificate filed pursuant to this section with

12 the State income tax returns filed by the persons making such certificate and

13 shall report any instances of discrepancy to the Corporation.

14 (4) A promise scholarship shall cover the cost of tuition at the eligible

15 postsecondary institution for one academic year based on full-time enrollment,

16 which shall be charged at the resident rate, less all other gift aid under

17 subdivision (b)(5) of this section and less the required contribution amount

18 paid by or on behalf of the student. The Corporation shall pay the promise

19 scholarship directly to the eligible postsecondary institution. The required

20 contribution amount shall be a percent of the student's taxable income, as

21 defined under 32 V.S.A. § 5811(21), or, if the student is listed as a dependent

1 on the federal tax return of student's parent or guardian, a percent of the
2 parent's or guardian's taxable income, for the tax year two years preceding the
3 year in which the application for the promise scholarship is made, equal to:

4 (A) zero percent, if the taxable income of the student, or the student's
5 parent or guardian, as applicable, is less than \$50,000.00;

6 (B) two percent, if the taxable income of the student, or the student's
7 parent or guardian, as applicable, is between \$50,000.00 and \$90,000.00; or

8 (C) three percent, if the taxable income of the student, or the
9 student's parent or guardian, as applicable, is between \$90,000.01 and
10 \$150,000.00.

11 (5) A promise scholarship shall not be awarded if the student, or the
12 student's parent or guardian, as applicable, had taxable income exceeding
13 \$150,000.00 for the tax year two years preceding the year in which the
14 application for the promise scholarship is made.

15 (6) A student who receives a promise scholarship shall be eligible for an
16 additional grant of up to \$200.00 per academic year to cover the costs of
17 books. Funding for this book grant shall be paid directly to the eligible
18 postsecondary institution from the Vermont Higher Education Endowment
19 Trust Fund, established under section 2885 of this title, notwithstanding
20 section 2885(f) of this title. The eligible postsecondary institution shall

1 disperse these funds in accordance with rules or policies adopted by the
2 Corporation.

3 (7) Scholarship recipients shall participate in mentoring and community
4 service programs under rules or policies adopted by the Corporation in
5 consultation with the eligible postsecondary institutions. The eligible
6 postsecondary institutions shall work with outside organizations to develop the
7 most effective means for delivering mentoring and community service
8 programs. In selecting outside organizations for participation in these
9 programs, the eligible postsecondary institutions shall give preference to
10 locally established entities that meet designated standards specified by the
11 rules or policies adopted by the Corporation.

12 (8) A Vermont Promise Scholarship Program student who has an
13 approved medical or personal leave of absence from an eligible postsecondary
14 institution may continue to receive the scholarship upon resuming the student's
15 education at an eligible postsecondary institution so long as the student
16 continues to meet all applicable eligibility requirements. The sum of all
17 approved leaves of absence shall not exceed six months, except as provided for
18 in rules or policies adopted by the Corporation.

19 (9)(A) A student shall be eligible for the Vermont Promise Scholarship
20 Program until the occurrence of the first of the following events.

1 (i) The student has earned a certificate or an associate's or
2 bachelor's degree.

3 (ii) The student has attended an eligible postsecondary institution
4 as a Vermont Promise Scholarship Program student for the number of
5 semesters set forth under subdivision (c)(3)(B) of this section. This limitation
6 shall not include an approved leave of absence.

7 (B) A student with a documented learning disability shall be eligible
8 for the Vermont Promise Scholarship Program until the occurrence of the first
9 of the following events.

10 (i) The student has earned a certificate or an associate's or
11 bachelor's degree.

12 (ii) The student has attended an eligible postsecondary institution
13 as a Vermont Promise Scholarship Program student for the minimum number
14 of semesters the eligible postsecondary institution establishes as feasible for
15 the student to complete the course work for the certificate, associate's degree
16 or bachelor's degree the student is attempting to obtain. This limitation shall
17 not include an approved leave of absence.

18 (10)(A) To be eligible under the Vermont Promise Scholarship Program,
19 a student shall maintain enrollment as a full-time student in each academic
20 year while receiving the scholarship.

1 (B) The requirement of subdivisions (c)(1) and (10)(A) of this
2 subsection that a Vermont Promise Scholarship Program student maintain
3 enrollment as a full-time student in each academic year does not apply to a
4 Vermont Promise Scholarship Program student who is on a medical or
5 personal leave, as approved by the student's eligible postsecondary institution.

6 (11) Notwithstanding the requirement of subdivisions (c)(1) and (10)(A)
7 of this subsection that a Vermont Promise Scholarship Program student
8 maintain enrollment as a full-time student in each academic year, a student
9 who does not have a documented learning disability may enroll in fewer than
10 12 semester hours per semester if required by the academic program in which
11 the student is enrolled. A student with a documented learning disability shall
12 enroll each semester in the maximum number of semester hours that is
13 established by the eligible postsecondary institution as feasible for the student
14 to attempt.

15 (12) The Corporation is authorized to adopt rules and policies to
16 establish deadlines for applications, for appeal procedures for the denial or
17 revocation of the scholarship, and to otherwise effectuate the purposes of this
18 section.

19 (d) Reporting. The Corporation and the PreKindergarten-16 Higher
20 Education Subcommittee of the PreKindergarten-16 Council shall provide
21 assistance to the General Assembly by researching and analyzing data

1 concerning the effectiveness of the Vermont Promise Scholarship Program,
2 including student academic success, completion rates, scholarship retention,
3 and recommendations for future funding. The Corporation shall report its
4 findings annually to the Senate and House Committees on Education on or
5 before November 15. The provisions of 2 V.S.A. §20(d) (expiration of
6 required reports) shall not apply to the required
7 report to be made under this subsection.

8 * * * Vermont Promise Scholarship Program; Funding * * *

9 Sec. 2. 16 V.S.A. § 2849 is added to read:

10 § 2849. VERMONT PROMISE SCHOLARSHIP FUND

11 (a) There is established the Vermont Promise Scholarship Fund to comprise
12 appropriations made by the General Assembly and grants, donations, or
13 contributions from any other sources. The Fund shall be administered pursuant
14 to 32 V.S.A. chapter 7, subchapter 5, except that interest earned on the Fund
15 and any remaining balance shall be retained in the Fund.

16 (b) Into the Fund shall be deposited the following:

17 (1) one-half of the receipts from the tax imposed by 32 V.S.A.
18 § 5836(b)(1)(B);

19 (2) award grant funding that would have been made by the Corporation
20 to students to pay tuition to out-of-state schools under 16 V.S.A. chapter 87,
21 subchapter 3; and

1 (3) proceeds from grants, donations, contributions, taxes, and any other
2 sources of revenue as may be provided by statute, rule, or act of the General
3 Assembly.

4 (c) The Fund shall be a source of financing for the Vermont Promise
5 Scholarship Program established pursuant to section 2848 of this title.

6 Sec. 3. 32 V.S.A. § 5836 is amended to read

7 § 5836. FRANCHISE TAX ON FINANCIAL INSTITUTIONS

8 (a) A tax is imposed for each calendar month or part thereof upon the
9 franchise or privilege of doing business in this State of every corporation
10 which is a financial institution as defined in 8 V.S.A. § 11101(32) that has a
11 business location in this State; provided, however, that a merchant bank
12 organized under 8 V.S.A. § 12603 and an uninsured bank organized under
13 8 V.S.A. § 12604 shall not be considered to be financial institutions for
14 purposes of the tax imposed by this section.

15 (b)(1) The tax imposed by this section for each taxable month shall be
16 equal to ~~0.000096~~ a percentage of the average monthly deposit for such taxable
17 month held in Vermont by the corporation.

18 (A) For corporations with deposits in the prior 12 months of
19 \$750,000,000.00 or less, the percentage is 0.000096.

20 (B) For corporations with deposits in the prior 12 months in excess of
21 \$750,000,000.00, the percentage is 0.000192.

1 institution in a state that has executed a reciprocity agreement with
2 Vermont; or

3 (B) be accepted for admission and be enrolled as a full-time or part-
4 time student at ~~such an institution~~ the Vermont State Colleges, the University
5 of Vermont, or an institution in a state that has executed a reciprocity
6 agreement with Vermont.

7 (2) For each year following the first year of undergraduate study, the
8 student must have been certified by the institution attended to be in good
9 standing and to give promise of satisfactory completion of a course of study
10 leading to a degree or diploma.

11 (b) Any qualified person may apply for an incentive grant in addition to
12 any other scholarship aid.

13 * * *

14 § 2844. AMOUNT RECEIVED; PRORATION

15 (a) Each undergraduate student who qualifies for an incentive grant shall
16 apply on forms provided by the Corporation. The Corporation may consider
17 the student for an incentive grant if the student meets the need-based eligibility
18 standards established by the Board. These standards shall give due
19 consideration to all relevant factors affecting the student's need, including the
20 adjusted gross income and other sources of income of the student's parents; the
21 adjusted gross income and other sources of income of a nondependent student;

1 the assets of parents and students; the number of a parent's or nondependent
2 student's children who are students enrolled in approved postsecondary
3 ~~education~~ educational institutions at the same time; and any unusual
4 circumstances that affect the ~~family~~ family's financial strength. Incentive
5 grants shall be awarded on a rolling basis to eligible applicants based upon
6 established need, and in total amount shall not exceed the funds made available
7 from legislative appropriation or other sources. In no case shall a student's
8 award be larger than that needed to attend the ~~approved postsecondary~~
9 ~~education~~ institution of the student's choice.

10 (b) The Corporation may prorate incentive grants on the basis of semesters,
11 other recognized portions of a school year, or course load.

12 (c) Vermont resident students enrolled at the Medical College of the
13 University of Vermont or enrolled in a program in Vermont or in a state that
14 has executed a reciprocity agreement with Vermont leading to the degree of
15 Doctor of Veterinary Medicine shall be eligible to apply for an incentive grant
16 and shall be subject to the provisions of subsection (b) of this section. In
17 addition, veterinary students shall be eligible for grants not to exceed twice the
18 amount of the average grant award made to full-time undergraduate students in
19 the previous year under subsection (a) of this section.

20 * * *

1 § 2846. NONDEGREE GRANTS

2 (a) The Corporation may establish grant programs for residents pursuing
3 nondegree ~~education~~ educational and training opportunities in Vermont or in a
4 state that has executed a reciprocity agreement with Vermont who do not meet
5 the definition of student in subdivision 2822(3) of this title; and who may not
6 meet the requirements of this subchapter. Nondegree grants may be used at
7 institutions that are not approved postsecondary ~~education~~ educational
8 institutions, as long as these institutions operate primarily or exclusively in the
9 State of Vermont or operate in a state that has executed a reciprocity agreement
10 with Vermont. In this section, “operate” means to establish, keep, or maintain
11 any facility or location from or through which education or training is offered
12 or given, or educational or training degrees are offered or granted. The term
13 includes contracting with any person to perform any such act.

14 (b) The Corporation may adopt rules or establish policies, procedures,
15 standards, and forms for nondegree grants, including the requirements for
16 applying for and using the grants and the eligibility requirements for the
17 institutions where the grants may be used.

1 Sec. 5. 16 V.S.A. chapter 87, subchapter 4 is amended to read:

2 Subchapter 4. Honor Scholarships

3 § 2851. ESTABLISHMENT

4 Vermont Honor Scholarships are hereby established for secondary school
5 seniors who plan to attend ~~an approved postsecondary education institution~~ the
6 Vermont State Colleges, the University of Vermont, or an institution in a state
7 that has executed a reciprocity agreement with Vermont.

8 * * *

9 § 2854. AMOUNT; NUMBER; DISBURSEMENT

10 (a) Each Vermont Honor Scholarship shall be an equal amount and no less
11 than \$1,000.00, as determined by the Board.

12 (b) Each secondary school, or a border school serving Vermont secondary
13 school students, may nominate a senior for a Vermont Honor Scholarship.

14 (c) The Scholarship shall be disbursed to the ~~approved postsecondary~~
15 ~~education institution~~ Vermont college or university or the institution in a state
16 that has executed a reciprocity agreement with Vermont at which the recipient
17 enrolls.

18 Sec. 6. TRANSITION

19 Notwithstanding Secs. 2 and 3 of this act:

20 (1) A student may qualify for an incentive grant under 16 V.S.A.
21 chapter 87, subchapter 3 if, prior to July 1, 2017, he or she is enrolled at and

1 attending an approved postsecondary educational institution outside Vermont
2 or has accepted an offer of admission as a full-time or part-time student outside
3 Vermont, even though that state has not executed a reciprocity agreement with
4 Vermont, provided that the student meets all other requirements in 16 V.S.A.
5 chapter 87, subchapter 3.

6 (2) A resident may qualify for a nondegree grant under 16 V.S.A.
7 § 2846 in order to pursue a nondegree education and training opportunity
8 outside Vermont if he or she began pursuing that opportunity prior to July 1,
9 2017, even though that state has not executed a reciprocity agreement with
10 Vermont, provided that the resident meets all other requirements in 16 V.S.A.
11 § 2846.

12 (3) A student may be awarded a Vermont Honor Scholarship under
13 16 V.S.A. chapter 87, subchapter 4 if, prior to July 1, 2017, he or she enrolled
14 in an approved postsecondary education institution in a state that has not
15 executed a reciprocity agreement with Vermont, provided that the student
16 meets all other requirements in 16 V.S.A. chapter 87, subchapter 4.

17 * * * Effective Date * * *

18 Sec. 7. EFFECTIVE DATE

19 This act shall take effect on July 1, 2017, and scholarship grants under this
20 act shall be awarded starting with the 2018–2019 academic year.