

**Testimony of Allison Aguilar
American Federation of Teachers**

Before the Vermont State House Education Committee hearing on HB 114
January 26, 2018

Thank you to the Chair, Representative David Sharpe, for inviting me to testify before the Education Committee as you consider legislation to require that Vermont Student Assistance Corporation award grants and scholarships be used solely at Vermont postsecondary schools or at educational institutions in states that have executed a reciprocity agreement with Vermont.

My name is Allison Aguilar and I am a senior research associate at the American Federation of Teachers. My organization represents 1.7 million members in more than 3,000 local affiliates nationwide, and we represent higher education faculty (including both full- and part-time), professional staff and graduate employees, in all sectors of higher education—public and private, two-year and four-year institutions.

We hold dear the belief that higher education is a public good, but lament the fact that it has been eroded by decreased investment from the state and increased tuition set by schools. We believe that decreased direct investments into institutions of higher education have undermined our members' ability to provide the instruction and support we all want our students to receive. We know these conditions have shifted the burden on students and families to finance their own education, resulting in skyrocketing student debt. This crisis of affordability stratifies the population into those who can afford to obtain a college degree and those who can't, undermining the ethos of public education as a vehicle for upward mobility.

We believe that restricting VSAC portability is one step to reverse those effects.

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Though this is a national trend, Vermont serves as a textbook example in illustrating why it's our reality. Here's how: Vermont faces the problem of chronic underfunding of its public postsecondary institutions, resulting in inadequate resources for instruction and academic support, while creating an overreliance on tuition dollars. This problem has grown since a decision in the 1980s to pursue a "high tuition / high aid" approach for state funding, coupled with subsequent overall state disinvestment.

According to the Center for Budget and Policy Priorities (CBPP)

- Per-student funding for Vermont's public colleges and universities is still below Recession-era levels, that's 14% below 2008 funding (trailing regional neighbors Connecticut, Massachusetts, New York and Maine)¹

¹ <https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding>

- Since 2008, average tuition in Vermont is up by over \$3,300 (27 percent) for four-year public colleges and universities²
- The \$757 cut in per-student funding—coupled with tuition increases—has made college less affordable, and has shifted the costs from state to students, jeopardizing quality at public universities.³

What we also know from the CBPP is that placing this burden on students is nothing new in Vermont. Thirty years ago students generally “provided around one-third as much revenue to public colleges and universities as state and local governments did.” But even as far back as 1988, Vermont average tuition already exceeded per-student state expenditures. In 2016 many states caught up with this perverse trend, with half of them experiencing tuition revenues that exceeded state and local funding. But in Vermont, tuition doesn’t just exceed state funding, those revenues are at least *twice* what state and local funding is.⁴

According to the most recent data available from the National Association of State Student Grant and Aid Programs (NASSGAP), Vermont’s total state grant expenditures make up about a quarter of the state’s fiscal support for higher education. Vermont ranks 6th in the nation for funneling such a large share of its higher education funding to state grants.⁵ Additionally, Vermont ranks 47th in the nation in per capita higher education fiscal supports.⁶

Decades of focusing its limited resources on individuals as opposed to institutions has created a holding pattern which has driven the state of Vermont to further disinvest in schools, further driving up tuition, and further placing the burden on families and students to come up with the money. There are many things the Vermont state legislature should consider doing to course correct. The bill before you is an initial step towards reinvesting in Vermont’s institutions—and it won’t even require raising taxes.



Vermonters deserve the opportunity to earn a degree and live a middle class life. To achieve that, this committee now has the opportunity to support investments in the state’s higher education institutions by ensuring that VSAC grant dollars are prioritized for students attending the University of Vermont, the Vermont State Colleges and other accredited independent

² Ibid.

³ Ibid.

⁴ <https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding> (In 2016 tuition revenue was at least twice state and local funding in VT and 8 other states AL, CO, DE, IL, MI, NH, PA, SD)

⁵ http://nassgap.org/survey/NASSGAP%20Report%2015-16_2.pdf page 25

⁶ https://education.illinoisstate.edu/downloads/grapevine/tables/GPV_Table4_FY18.pdf
 Vermont’s funds higher ed funding at \$151.47 per person; the national average is \$271 per capita.

colleges in the state, or any school in another state with which the state has a reciprocity agreement.

Vermont is the leader in allowing students to use need-based aid to attend out-of-state institutions. In academic year 2015-16 the state sent \$5.1 million in need-based grant aid out of the state, that's 24.8 percent of total grant aid awarded.⁷ Only 13 other states and the District of Columbia reported sending *any* need-based aid out of state. And even among this small group of states, Vermont is an outlier. Delaware is second, which isn't surprising if—as has been suggested by portability proponents—small states need to provide supports for students to leave because such states are unable to provide all desired programs. But only 5.6 percent of need-based financial aid leaves Delaware. That's a fraction of Vermont's share. Nowhere else does 2 percent or more of student aid leave the jurisdiction.

When I first started looking at this issue four years ago, I analyzed 2011-12 data. In that year, US students used a total of \$18.5 million in aid to attend institutions that were not in their home states. Of that \$18.5 million, 30 percent was paid by the state of Vermont. In 2015-16, \$11.6 million dollars in need-based aid followed US college students out of their home state to an institution in another state. Vermont supplied just a shade less than half of those dollars. Other states, including Rhode Island, are reducing the amount of money that goes out of state. So not only is Vermont an outlier, it is becoming a more extreme outlier.

The bill before this committee proposes limiting the practice of allowing student aid to leave Vermont, except in cases of interstate reciprocity. Both the American Federation of Teachers and AFT-Vermont support this. Given our fiscal situation, it's time that Vermont limit the use of tax-dollars to subsidize out of state colleges and universities, especially because those states are unwilling to use financial aid to subsidize their students' migration to Vermont.

The state has allocated \$67.6 million for UVM and VSC in FY 2018. If we could capture all the state grant dollars going out of state, it could produce an 8 percent increase in state funds supporting these institutions, without raising a dime of revenue. We know this bill won't directly make that happen, but we believe that to the extent it encourages enrollment in these institutions, it will have the beneficial effect of helping to stabilize and raise the quality of services offered to those students who actually live in Vermont.



Vermont should be using its public aid dollars to maximize its support to all students who seek a post-secondary education. By prioritizing VSAC dollars to support enrollment at Vermont institutions, the state is not denying choice to the 31 percent of grant recipients⁸ who go out-of-state. Instead, it's systematically giving more opportunity to Vermonters for whom the VSAC grant makes up a greater share of aid to cover in-state tuition. Helping students already on the

⁷ http://nassgap.org/survey/NASSGAP%20Report%2015-16_2.pdf.

⁸ <http://www.vsac.org/sites/default/files/uploads/Research/Addison%20FY2016.pdf>

trajectory of college success shouldn't come at the expense of providing the basics for students at state colleges.

Those in defense of portability will tell you that the state's original intent was to "level the playing field for students of different economic means," and that limiting portability will "restrict the choices of needy students."⁹ Given that VSAC tells us that students leaving the state receive smaller grants than average, and that grants are based in large part on need, we question whether this is really levelling the playing field.¹⁰ We suspect that students receiving grants who go out-of-state are, on average, more affluent than students from families receiving grants who attend school in-state because the value of their grant averages \$1,206 per student.¹¹ To us, this speaks to it having a relatively small effect on a student's enrollment decision.

It is difficult to predict just how student enrollment decisions may change or to estimate the exact fiscal impact of redirecting VSAC dollars to Vermont institutions by limiting portability. But we can start by assuming that if this bill passes, Vermont would be able to maintain reciprocity in portability of state aid with Connecticut, Maine, Massachusetts, and Rhode Island.¹² Using data from VSAC, we estimate that 35 percent of those students using portability would automatically continue using portability to attend school at those states.¹³ Vermont does not have reciprocity agreements with New York, and New Hampshire does not have a need-based student aid program.¹⁴ But if aid could also go to those states, that would mean 73 percent of students would continue to receive portability.

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<https://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Education/Bills/S.142/Witness%20Documents%20&%20Testimony/S.142~Tom%20Little~Portability-%20Education%20Opportunity%20for%20All%20Vermonters~3-24-2015.pdf>

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<https://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Education/Bills/S.142/Witness%20Documents%20&%20Testimony/S.142~Tom%20Little~Portability-%20Education%20Opportunity%20for%20All%20Vermonters~3-24-2015.pdf>

¹¹ Ibid.

¹² See http://www.nebhe.org/info/pdf/policy/Student_Grant_Aid_in_New_England.pdf Note that New Hampshire is a special case to the extent that they have discontinued need based aid all together.

¹³ That is the proportion of grant recipients attending those schools compared to the proportion of grant recipients attending schools out of state according to slide 28 in VSAC's 2/15/17 presentation to the legislature:

<https://legislature.vermont.gov/assets/Documents/2018/WorkGroups/Senate%20Education/Vermont%20State%20Colleges/W~Scott%20Giles~Testimony~2-15-2017.pdf>

¹⁴ See http://www.nebhe.org/info/pdf/policy/Student_Grant_Aid_in_New_England.pdf, Vermont does have reciprocity on in-state tuition with New Hampshire, but New Hampshire has no need based aid program.

Some of the remaining students would continue to attend school out of state. Some might choose to attend a Vermont private college. But some would choose to attend a public Vermont institution. And other students, who might not otherwise have attended college might also attend Vermont public institutions. This will strengthen Vermont’s public higher education system to the benefit of students and the community.

And though proponents of portability have said that this bill actually would bring new costs to Vermont colleges, we disagree. In addition to VSAC funds, students would bring additional financial aid and their own tuition dollars to Vermont schools. Moreover, we believe that each student added at the margin brings fewer fixed costs, therefore the addition of the revenue generated by these students should afford the colleges and the university the opportunity to improve their investments in instruction and student support.



I’d also like to note that reciprocity in grant aid isn’t the only type of interstate-agreement among New England schools worth considering as we discuss possible effects of passing this bill. The New England Board of Higher Education’s Tuition Break program—the New England Regional Student Program (RSP)—allows Vermonters to enroll in out-of-state schools at a discounted regional tuition rate in Maine, New Hampshire, Massachusetts, Connecticut, and Rhode Island, making over 800 degree programs in 82 public colleges and universities available to students.¹⁵ According to NEBHE, the benefits to Vermont of participating in the RSP are compelling:

Tuition savings to Vermont residents.....	\$2,936,027
Tuition revenue to Vermont institutions.....	\$8,912,803
Average RSP savings per Vermont resident (enrolled full-time)	\$6,879
Number of specialized programs available to Vermont residents.....	1000+
Number of participating Vermont residents.....	517
Number of incoming RSP students enrolled at Vermont institutions.....	564 ¹⁶

Tuition rate reciprocity between New England states through the RSP will allow VSAC recipients to pursue programs that may not yet be available in Vermont public colleges and universities. Reciprocity fulfills one very important piece of VSAC’s mission: to offer all students an equal opportunity to choose the institution that best meets their needs,



How Vermont compares to the nation in terms of students remaining in-state is indicative of the need to increase investment. Only 52 percent of first-time college freshmen in Vermont

¹⁵ <http://www.nebhe.org/programs-overview/rsp-tuition-break/overview/>

¹⁶ http://www.nebhe.org/info/pdf/tuitionbreak/2016-17/FY17_NEBHE_Benefits-VERMONT.pdf

stayed in-state to attend college, compared to 82 percent of first-time freshmen, nationwide.¹⁷ More can be done to support Vermonters who want an in-state education.

Students who go to another region for college have a lower likelihood of returning to their home state than students who attend a college in their home region. Within the New England region, 86 percent of graduates who are native New Englanders stay in New England one year after graduation. But students who move to other regions return to their home region at lower rates, for instance: half of the students who relocate to the Pacific region for college continue to live there one year after graduation. Vermont should not be subsidizing this brain drain to other regions of the country.

If the state could successfully infuse its institutions with investments from redirected VSAC funds, and offer more grants for students to attend Vermont schools, enrollment could increase. The revenue generated by these students would afford state schools the opportunity to improve instruction, expand programs of study, and strengthen student supports, in turn making an in-state education more appealing to Vermonters—even in a time of austerity.

Proponents of portability make the following claim: “For students working and/or supporting families, particularly in southern Vermont and along parts of [the] eastern and western borders (and who need to commute to classes), an out-of-state institution that offers their course of study is significantly closer and thus more affordable than in-state alternatives.”¹⁸ I don’t disagree; which is why reciprocity with neighboring states is also such a key component of the legislation to restrict portability.

We are advocating for Vermont to not give up on the promise of providing a 21st century education to every resident of the state. This bill gets us closer to achieving that dream, not only through the potential for increased investment, but also by holding the door open for reciprocity.



VSAC may have been “born out of a principle of social justice, and a commitment to reducing inequality,”¹⁹ but as it currently operates, it is not equipped to solve the problems of higher education inaccessibility and unaffordability for Vermonters. The decades-long erosion of higher education in Vermont cannot be addressed by continuing to fund the state’s brain drain with taxpayer resources.

¹⁷ https://nces.ed.gov/programs/digest/d15/tables/dt15_309.10.asp

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<https://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Education/Bills/S.142/Witness%20Documents%20&%20Testimony/S.142~Tom%20Little~Portability-%20Education%20Opportunity%20for%20All%20Vermonters~3-24-2015.pdf>

¹⁹ Ibid.

To truly achieve social justice in higher education, the legislature must make necessary resources available for quality instruction and academic supports. In times of austerity, this is a difficult task, and short of appropriating sufficient funds by increasing revenues, the state has few options other than to redirect already-existing funds to its public institutions. Restricting VSAC portability is a viable means to increasing investment. Increasing investment will strengthen academic programs. Stronger programs will result in Vermonters wanting an in-state education, and may even increase out-of-state enrollment through the RSP interstate reciprocity agreement. You have an opportunity with this bill to restore much needed investment and faith back in to Vermont's higher education system, I hope you take it.