



To: Senate Education Committee Members
From: Tom Little, VSAC General Counsel tlittle@vsac.org
Marilyn Cargill, VSAC Vice President cargill@vsac.org
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Re: S. 257 - The Vermont Incentive Grant Program: Why Ending Portability Is a Bad Idea

Vermont has a funding problem when it comes to higher education.

Ending portability won't solve it. Ending portability won't increase funding for Vermont's public institutions. The only thing ending portability does: it undercuts the financial stability of low-income Vermonters – those with the most to lose.

What is portability? Around \$5.2 million of the \$20.2 million, or 26 percent of the funds that were awarded through the VSAC incentive grant program in FY17¹, was used by low-income Vermont students to pursue their choice of college or a training program outside of Vermont. This grant “portability” has been a feature of the VSAC statute since 1965, when the General Assembly and Governor Hoff made a bold statement in favor of funding financially needy students and empowering them to make the best college choices for themselves. The General Assembly has sustained this program through recessions and times of great budget strain for over 50 years. We ask the Committee to continue to support portability as an important economic opportunity equalizer.

Trading grants and trading students: Restricting the choices and opportunities of low-income students – i.e., eliminating portability – will not result in more money flowing to Vermont's public institutions. Vermonters attending in-state schools might receive larger grant awards, but that larger grant would only reduce their loan, dollar for dollar, and send the same tuition and fee check to their schools – i.e., no increase in funds to the institutions. In fact, the only way for institutions to benefit from increased grant awards is by increasing the tuition and fees they already charge. Thus, there's no added benefit to the 8,683 students who attend Vermont institutions and it would cut off grant funding for over 3,800 equally financially needy students. Eliminating this policy increases their loan burden, and should not be done at their expense.

Portability by county: These funds are very important for the low- and lower-middle income students who receive them, especially for those who are first-generation students. These students

¹ VSAC also administers a nondegree grant program and the Governor Phil Hoff Vermont Honors Scholarship program. VSAC understands that recently introduced S. 257 includes language that would eliminate portability for those two programs (except in very limited circumstances). VSAC will be prepared to address that proposal next week when additional data are assessed and we have done outreach to those students. VSAC expects that students will ask to testify before the Committee.

are economically vulnerable and need every encouragement to continue their education and training beyond high school. Portability affects over 3,800 of these students. For example, 45 percent of Windham County grant recipients attend school or training programs out of state (OOS); as do 42 percent of grant recipients from Bennington and Windsor counties, 39 percent from Essex County and 33 percent of grant recipients from Orange County.

The average grant for students attending a Vermont institution is \$2,349. The average grant for a full-time student attending an out-of-state institution is \$1,456. For reference, these students receive the same size grant they would receive if they attended one of the Vermont State Colleges, so there is no disincentive for these students vis a vis the Vermont State Colleges.

Ending portability costs more: As mentioned above, ending portability costs all financially needy students more. But it also means Vermont's colleges and universities would need to increase their non-loan financial aid expenditures by between \$20.6 and \$44.3 million to replace the financial aid these students are receiving at their current out-of-state schools. There is no assurance that these schools could or would match those funds.

If these students return to Vermont, many of them will receive a larger grant, causing the average grant for all recipients to drop – or, the General Fund appropriation for the grant program would need to increase anywhere from \$2.8-\$4.8 million to provide the same level of grant assistance that students currently attending Vermont institutions receive.

Budget realities being what they are, ending portability will most likely lead to the following unintended consequences:

- Radically restricting choice for lower-income students, and their access to programs and majors not available in Vermont
- Reduced grant amounts for all Vermont students
- Larger debt burden for our low-income students
- Fewer Vermont students being able to afford college, most likely choosing to postpone or dismiss post-high school training or education enrollment

If that happens, low-income Vermonters will see their educational opportunities shortchanged; Vermont will reverse a proud half-century of promoting access and equity for all Vermont students – and impede ongoing state efforts to increase the proportion of working-aged Vermonters who hold a credential or degree.

The 'brain drain' debate: Another argument against portability is “brain drain.” Vermont has been concerned about the mobility of its young people since the 1830s. But the OOS students coming to Vermont schools are more than four times the number of Vermont grant recipient students who attend OOS. And, according to recent research by Public Assets Institute, young tax filers are most likely to move across state lines, but in both directions.

Where and what they study is a critical choice for students: The reasons why students study out of state are varied and depend a great deal on the student's areas of study and social and economic situation. For some students, the program they seek to pursue is not available in Vermont (for example, in 2018 the New England Board of Higher Education (NEBHE) has identified over 330 BA/AA programs at 74 distinct New England college campuses not available

in Vermont and there are some technical education/training programs that are not available in Vermont). For other students, particularly in towns closer to the borders and in the more southern counties where portability is most utilized, the closest affordable institution is in a nearby state, often closer than a bachelor's degree-granting Vermont public school. ***This is particularly true for working parents and students who must work to both support their families and pay for college – and many of whom commute from their homes in Vermont.*** Some students choose based on quality, on the additional financial aid a school can offer, or on the education program that offers the best chance to fulfill their education and career goals.

We have compiled a series of videos from grant recipients studying out of state, telling their personal, compelling stories about their grant experience. These stories can be found here: [VSAC Stories](#)

Please let us know if you have any further questions, concerns, etc.

Thank you.