

UPDATE FROM THE VERMONT UNIVERSAL CHILDREN'S HIGHER EDUCATION SAVINGS ACCOUNT PROGRAM ADVISORY COMMITTEE.

1. 2015 CSA Program passed by the Vermont Legislature:
 - a. Legislative assumption was that all funding for the CSA program would come from philanthropic giving, like Maine's program.
 - b. Universal \$250 at birth for all children with an additional \$250 match for low income children (annual funding need estimated at \$2,225,000 per year based on 6,000 children born per year with half being low-income).
 - c. Up to a \$250 match for low income contributions for first 18 years of a child's life (estimated need of \$100k in year 1 going up to \$1.8 million need in year 18).
 - d. One low-income child could receive a maximum of \$5,000 in 18 years under the program—the most generous program nationally.
 - e. Funding this program in perpetuity would require an endowment of between \$45 million in year one and \$90 million in year eighteen.
 - f. If no endowment, annual funds of \$2.4 million in year one increasing to about \$4.5 million in year 18 would be needed to support the program. Very few non-profit organizations in Vermont are currently able to raise funds of this magnitude each year.
 - g. Legislation did not include any funding for a full-time fundraising personnel—it was assumed that the volunteer Committee could do this and their full-time jobs.
2. 2015-2016: The Committee partnered with the Shumlin administration to get partial governmental funding for this program from Blue Sky mutual fund registration fees. Blue sky fees were increased, but no funding was allocated to to the CSA program.
3. In late 2016 the Committee raised funds for a feasibility study conducted by Christine Graham. Study indicated little philanthropic interest in Vermont for the CSA program and limited funding capacity. CSA program has never been launched due to the large scope of program vision and lack of funding.
4. **How can the Legislature help launch a CSA program in Vermont?**
 - a. **Amend Existing Legislation to Allow for Smaller and More Flexibility in Delivery Mechanisms:** Amended law must allow for CSA accounts at age levels other than birth. The revised law must be flexible enough to allow the targeting of certain ages, geographic areas or demographic groups and authorize funding at much smaller increments (e.g. \$50 with no match). Program funding would no longer be universal in nature, but rather would be program specific in nature. This would allow programming at birth, kindergarten, middle school or high school and would allow organizations and individuals to “adopt” a school or supervisory union.
 - b. **Launch CSAs with Pilot Programming:** VSAC has identified potential supervisor union pilot program targets based on three data points: achievement gaps (difference between those students who say they want to go to college and those that attend); college attendance rates after high school graduation; and high poverty rates (FRL rates). Pilot programming will require a much smaller amount of funding than the program envisioned by the current legislation and therefore, based on our feasibility study, is much more likely to be successful in obtaining funding from private sources.

- c. **Fund Dedicated Programming Staff:** We need a dedicated person focused on helping localities, individuals and nonprofits launch pilots (e.g. an adopt a school CSA program). Such staffing would be critical for success. This individual would be responsible for fundraising and for the operational oversight of the pilot programming. The staff person should reside at VSAC. Funding the position should be part of the legislative revision. Current funds raised (\$25K) could be used to partially fund the position in its first year. There may be ways of creating synergies and partnerships with Gear Up VSAC personnel in the field and with the Agency of Education personnel to make this more successful. Financial literacy programming will also be needed in the schools where this type of programming is being rolled out.
- d. **VSAC as Gatekeeper:** The new legislation should make it clear that any new pilot programming would need to be approved by VSAC and coordinated with their dedicated programming staff.
- e. **Future Role of Advisory Committee:** What role, if any, should the Committee play if new legislation is passed allowing for flexibility? It may make sense to rethink the roles, responsibility and membership of this group in the legislative rewrite. Should the committee be a smaller group of individuals chosen by VSAC? Or should the committee be terminated?