

November 11, 2016

Senator M. Jane Kitchel, Chair, and Members  
Legislative Joint Fiscal Committee  
State of Vermont General Assembly  
One Baldwin Street  
Montpelier, VT 05633-5701

Dear Senator Kitchel,

Thank you for the opportunity to provide additional information regarding the Vermont State Colleges System's fiscal year 2017 supplemental budget appropriation.

As you are aware, during the 2016 Legislative session, in addition to the System's base appropriation, the General Assembly provided an additional \$700,000 "to increase need-based aid for Vermont students." Sec. E.602.1 (a) further stated:

*The Community College of Vermont shall use funds allocated to them from this appropriation for a college Step Up program. The Chancellor shall provide a written report to the Joint Fiscal Committee in November 2016 on how these funds are to be used for this purpose for the 2016–2017 school year and the plan to continue use of these funds for this purpose in future years.*

I am pleased to report that our institutions collectively are aiding 345 Vermont students with these funds. This funding has been helpful in improving both access and retention of Vermont students toward attainment of degrees of value.

In accordance with the System's Annual Operating Budget policy, each of the five institutions in the System – Castleton University, the Community College of Vermont, Johnson State College, Lyndon State College, and Vermont Technical College – was apportioned one-fifth, or \$140,000 of this appropriation.

A brief description of how these funds were applied on each campus follows.

### Castleton University

Castleton University used the additional \$140,000 in aid from the state appropriation to support the persistence of returning Vermonters. The scholarship was awarded to 57 students who had financial need in excess of their expected family contribution. The renewable scholarship amount was between \$1,000 and \$2,500 per year. The amount varied based on student need, commitment to service and the academic profile of the recipient.

In addition to the \$140,000 provided by the State of Vermont, Castleton University increased its financial aid pool by approximately \$660,000 for the year, an amount shared by both Vermonters and non-Vermonters.

### Community College of Vermont

CCV was directed to use its allocation to expand the Man Up program. The expanded Man Up program, Move Up802, incorporates best practices that support student enrollment, retention, and college completion. This year Move Up802 will support the success of 50-56 Vermonters; first generation students aged 17-26 are the priority population for this program. In fall 2016, Move Up802 is supporting 33 students in Chittenden, Rutland, and Lamoille Counties. We are currently recruiting students for the spring 2017 cohort.

Move Up802 participants are co-enrolled in contracted sections of CCV's required first semester seminar course and a learning skills lab, tuition-free. Move Up802 students receive strategic, intensive, supportive, one-on-one academic advising relationships. Further, micro-scholarships totaling up to \$1,500 are awarded after students have accessed requisite student services such as new student orientation, career services, mid-term advising, and work-based learning experiences. Researchers have found that students who received micro-scholarships in a semester "enrolled in more courses and did better academically in future semesters than a control group...who received no incentives."

CCV is very pleased to share that 97% of the fall participants continue to be enrolled in their courses. Early indicators suggest the program is incredibly impactful. A press conference with the Governor is being prepared for December on this initiative.

### Johnson State College

Johnson State College used the additional \$140,000 in aid from the state appropriation to support the persistence of returning Vermonters. The scholarship was awarded to 52 students who had financial need in excess of their expected family contribution. The scholarship amount was between \$2,000 and \$4,500 annually per year. The amount varied based on both student need and the academic profile of the recipient.

In addition to the \$140,000 provided by the State of Vermont, Johnson State College increased its financial aid pool by approximately \$320,000 for the year, an amount shared by both Vermonters and non-Vermonters.

### Lyndon State College

Lyndon State College used \$349,000, comprised of its \$140,000 share of the state appropriation plus an additional \$209,000 of its own funds, to support both recruitment and retention of Vermont students.

Specifically, Lyndon awarded 85 academic scholarships of up to \$2,000 apiece through its newly-created “Vermont Vision” and “Hornet Achievement” scholarship programs. Vermont Vision Scholarships were targeted toward students in degree programs most frequently chosen by Vermonters, including Business Administration, Education, Psychology and Human Services, and Social Sciences. Hornet Achievement Scholarships were targeted toward Lyndon’s well known and highly regarded professional programs such as Atmospheric Sciences, Electronic Journalism Arts, and Music Business and Industry. Both scholarship programs required students to have a minimum grade point average of 80%.

### Vermont Technical College

Vermont Tech used the additional \$140,000 state appropriation to support the persistence of Vermont students and to help reduce loan debt. The scholarship was awarded to 119 students, with an average award of \$1,150, and 56% of the students are from a high need, Pell-eligible population. Their primary focus was to help students in a positive way in an effort to minimize the burden of loans. 70% of the students and/or families awarded had taken on additional loans through either a Parent Loan or Alternative Private Loan in combination with their Direct Sub and Unsubsidized loans.

### Conclusion and Next Steps

As demonstrated by the initiatives undertaken by each of the System’s institutions, I believe the \$700,000 appropriation has been effective in achieving the stated goal of providing need-based aid to Vermont students.

In order to continue this initiative, the System has asked for \$1,456,000 as part of our fiscal year 2018 budget request to the Administration. This amount represents an increase of \$756,000 over the \$700,000 appropriated in fiscal year 2017. The rationale for this increase is that in order to continue with the level of funding necessary to retain existing students, we will need to account for the System-average tuition increase of 4% by increasing last year's funding amount from \$700,000 by \$28,000, to \$728,000. Then, in order to provide assistance to an additional similar-sized cohort of students, we would need an additional \$728,000. We anticipate that this funding would need to similarly increase for two more fiscal years to sustain funding for a cohort of traditional four-year baccalaureate degree-seeking students, at which point the graduating senior class would release resources which could then be applied to incoming freshman. A pro-forma multi-year appropriation, assuming approximately 4% annual tuition increases, would be as follows:

Description	FY2017	FY2018	FY2019	FY2020	FY2021
Base Appropriation	700,000	700,000	1,456,000	2,271,360	3,149,619
Tuition Increase (4%)	-	28,000	58,240	90,854	125,985
Additional Student Cohort	-	728,000	757,120	787,405	-
Total Level of Effort Required	700,000	1,456,000	2,271,360	3,149,619	3,275,604

By fiscal year 2021, an appropriation of approximately \$3.3 million with modest annual inflationary increases would sustain this initiative going forward. However, it is important to note that the majority of System students require more than four years to attain a bachelor's degree. In addition, the colleges have used this funding both to attract new incoming freshman and transfer students, and to retain existing sophomores, juniors and seniors.

Finally, I note that the System's overall budget request for fiscal year 2018 includes a \$4 million increase to the System's base appropriation, in addition to the \$1.456 million to sustain this initiative. Over the past year the System has worked with its collective bargaining unit partners to achieve significant permanent savings in benefits, including the introduction of a high deductible health plan (mandatory for new employees, optional for existing employees) and a substantial reduction to its defined contribution plan. We have also commenced consolidating System-wide back office functions. We anticipate an eventual \$3 million in permanent annual structural savings from these initiatives. Finally, we have begun the formal process of unifying Johnson State and Lyndon State into a single, larger and stronger northern Vermont university.

In summary, the System is doing its part to operate more efficiently and to pursue needed change. Despite these initiatives, however, we are still struggling against demographically-driven enrollment declines and a long period of level State funding, which is only now beginning to be rectified. This \$4 million is critically necessary to assist the System in closing its structural operating deficit.

Should you have any questions regarding this report, please feel free to email me at [jeb.spaulding@vsc.edu](mailto:jeb.spaulding@vsc.edu), or contact me by phone at 224-3001. I look forward to discussing the System's budget request and working constructively with you in the coming Legislative session.

Sincerely,



Jeb Spaulding, Chancellor