

Report of

**THE VERMONT HIGHER
EDUCATION STUDY COMMISSION**

Recommendations and Findings on:

- o Policy**
- o Funding**
- o Student Assistance and Accessibility**
- o Accountability and Responsiveness**
- o Coordination and Outreach**

October, 1989

STATE OF VERMONT



October 28, 1989

The Honorable Madeleine M. Kunin
Governor
State of Vermont
Montpelier, Vermont 05602

Dear Governor,

Pursuant to your Executive Order, the Vermont Higher Education Study Commission has examined the relationship between the state and Vermont's higher education community. We are pleased to provide you with our report.

We have studied Vermont higher education in the light of trends over the past decade and in anticipation of the years to come. We find higher education in Vermont to be healthy; yet we have concerns for the future which call for some adjustments and fine-tuning.

The highlights of our examination are these:

- * Whereas recent reviews of primary and secondary education have called for major restructuring, we find the current structure of higher education, including its governance, to be sound. There is, however, a real need for better dialogue, and for the formation of shared objectives between government and the higher education community. We recommend creation of a Governor's Higher Education Advisory Council, modeled on the Council of Economic Advisors.
- * Although we did not identify a fiscal crisis in higher education at this time, we are concerned about the limited resources in the public higher education system, the significant increases in tuition, and the extent to which higher education institutions in Vermont are dependent on tuition income -- particularly from out-of-state students.
- * Although student demand is high, we are concerned that the "sticker price" for higher education may unnecessarily discourage Vermonters from seeking admission to some colleges, when in fact these costs are often significantly reduced by institutional and other aid.

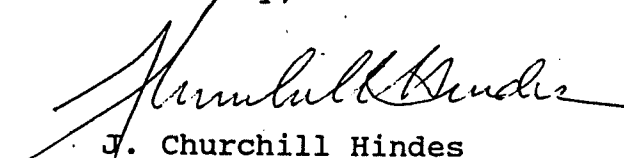
- * The existing Vermont Student Assistance Corporation statute seems out of date in meeting VSAC's current responsibilities, and reorganization of its board structure is warranted. Vermont's model for state-higher education relations emphasizes that boards of trustees are the critical interface for assuring public accountability.
- * In addition, we believe VSAC funds should be targeted to the most needy students, and there should be more public involvement in decisions on allocation of these significant federal and state funds.
- * There has been a revolutionary change in the population seeking higher education. Nontraditional students have altered the face of higher education, and our expectations and approach must change accordingly.

These and other conclusions are detailed in our attached report. Following a brief introduction, our findings and recommendations are organized along five major themes: public policy; public funding; student assistance and accessibility; accountability and responsiveness; and coordination and outreach. The report concludes with selected supplementary information, and an addendum from one of our members.

To frame our efforts, we found it necessary to focus on degree-granting institutions and undergraduate education. This was not to diminish other important elements of postsecondary education. Rather, we needed to draw some boundaries to avoid superficial treatment of what we found to be a very broad and challenging agenda.

We appreciate the opportunity to undertake this important endeavor, and would be pleased to further discuss our conclusions and proposals at your convenience.

Sincerely,



J. Churchill Hinde
Chairman

Vermont Higher Education Study Commission

David H. Angolano
Robert H. Atwell
Elizabeth A. Bankowski
Paul A. Lacouture
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Sallie T. Soule

Report of the Vermont Higher Education Study Commission

To Governor Madeleine M. Kunin

October 28, 1989

- I. Introduction
- II. Summary of Findings and Recommendations
- III. Specific Findings and Recommendations
 - A. Public Policy
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Attachments

I. INTRODUCTION

The Vermont Higher Education Study Commission was established by Executive Order "to examine the present relationship between the state and the Vermont higher education community, to determine the degree to which that relationship will serve future needs of the state, and to recommend improvements to the mutual benefit of all parties." (See attached copies of Executive Order and Commission membership.) The Commission focused on undergraduate study in two- and four-year degree-granting institutions, both public and independent. We took as a starting point the report of the 1979 Higher Education Funding Study.

The Commission finds that higher education is among the most valuable and desirable contributors to the Vermont economy -- more so, perhaps, than is regularly recognized.

This state has more two and four-year institutions of higher education, public and private, than any other state in the nation, measured per capita. Vermont's 35 postsecondary institutions enroll some 33,000 students each year; slightly more than half of those are residents of Vermont.

As one of the state's largest employers, higher education in Vermont provides jobs to more than 7,800 people, with an annual payroll of \$155 million. In fiscal 1987, expenditures by the state's whole higher education community -- including spending by institutions, faculty and students, capital construction, interest payments and institutional financial aid -- totaled \$351 million. And from the smallest of institutions to the University of Vermont, higher education gives more to the cultural, social and intellectual lives of our communities and state than numbers can quantify.

Even though the University of Vermont was founded by the same person, Ira Allen, who established Vermont state government, higher education and government here have been unusually independent of one another. Vermont has no direct means of overseeing its public system of higher education. Previous studies of this decentralized system have concluded that it works well. The findings of this Commission generally support those prior conclusions.

But we also note that growing pressures and changes face higher education today.

Tuition levels and other costs, although tempered by student aid, are rising much faster than inflation. A major new influx of nontraditional students is helping to change public expectations of how higher education institutions should operate, and whom they should serve. (In contrast to the traditional student -- who attends college full-time, immediately after graduating from high school -- the nontraditional student is generally older, has family and job responsibilities and attends college part-time.)

Public institutions must manage tight resources, and balance funding needs to meet student, faculty and public demands. As Vermont struggles to contend with its own growth and change, and to compete in an increasingly global marketplace, government begins to seek more fruitful exchange with higher education. Often, higher education leaders seek the same from government.

From a wide variety of knowledgeable people, the Commission sought insight into these issues. (See attached summary of meetings and hearings.) On the following pages are our attempts, based on this valuable input, at pointing the way toward improvements.

II. SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. THE COMMISSION RECOMMENDS THESE REFINEMENTS TO THE RELATIONSHIP BETWEEN THE STATE AND HIGHER EDUCATION:
 - a. Create a Governor's Higher Education Council, modeled on the Council of Economic Advisors, to encourage more effective dialogue between state and higher education leaders.
 - b. The present level of funding for public higher education should be maintained for the time being. Future funding should be consistent with, (i) evolving public policy, (ii) needs which are identified through further public assessment, and (iii) commitments to greater institutional accountability.
 - c. Develop and adopt joint compact agreements, to clarify state and institutional responsibilities and expectations -- particularly those that involve public funding.
 - d. Restructure state student aid programs to direct more benefits toward students with greater needs.
 - e. Reinforce the importance of public higher education boards by strengthening their composition, responsibilities and appointment mechanisms; pay particular attention to encouraging more publicly accountable governance and decision-making at the Vermont Student Assistance Corporation (VSAC).
 - f. Expand the current, productive efforts within VSAC and the higher education community to meet the needs of nontraditional and traditional students for accessible, affordable higher education of high quality.
2. THESE CONCLUSIONS BY THE COMMISSION ARE SUPPORTIVE OF HIGHER EDUCATION IN VERMONT:
 - a. The health of higher education in Vermont is sound overall -- but continued well-being will require more effective communication, cooperation and shared vision.

- b. Higher education enhances the personal and professional growth of Vermont citizens, and sustains the collective strength of the state.
 - c. Healthy numbers of applicants and students from within and outside the state testify to the quality and attractiveness of Vermont's colleges and universities today.
 - d. Nontraditional students in unprecedented numbers are enriching Vermont campuses, and changing the way higher education will be viewed in the future.
 - e. Barriers to access do not now seem insurmountable to Vermonters seeking the benefits of higher education.
 - f. The boards, faculty and leadership of Vermont colleges and universities responsibly manage limited resources to provide a diverse range of instructional, research and service opportunities.
 - g. Recent trends for higher education appropriations show that Vermont has made a substantial commitment in this area, with percentage increases surpassing those of many other states.
 - h. Higher education in Vermont is delivered by a decentralized, collaborative community of public and independent institutions.
 - i. Higher education is an ideal industry for Vermont, and represents a significant, growing share of the Vermont economy.
3. THESE ARE THE COMMISSION'S CONCERNS FOR THE CONTINUED WELL-BEING OF HIGHER EDUCATION IN VERMONT:
- a. Very thin margins of public and institutional financial resources sustain the quality of higher education here. However, the Commission is not convinced that substantially increased funding should be provided without more agreement on policy, expectations and levels of accountability.
 - b. Frequent contention concerning financial and other issues has diminished the working relationship between higher education and state government, and some local governments.
 - c. Public accountability and effectiveness is occasionally marred by questionable judgement, unsatisfactory communication and inadequately managed controversy.

- d. Limited chances for dialogue between state and higher education leaders contribute to inconsistent expectations, and to the absence of an explicitly shared vision for the future.
- e. Changing student demographics, and lack of access due to geography, challenge the responsiveness of higher education institutions.
- f. Higher education opportunities for Vermonters depend to a precarious degree on attracting large numbers of out-of-state students -- a situation which is jeopardized by nonresident tuition levels that are dangerously close to market limits.
- g. State student aid resources are too broadly distributed, aggravating the burden of rising education costs for those students who most need assistance; lessened availability of federal grant assistance has led to greater debt burdens for many students and families.

III. SPECIFIC FINDINGS AND RECOMMENDATIONS

A. PUBLIC POLICY:

A NEW FORUM SHOULD BE CREATED TO ADVANCE PUBLIC POLICIES, GOALS AND EXPECTATIONS FOR HIGHER EDUCATION IN VERMONT. THIS FORUM SHOULD BRING TOGETHER THE GOVERNOR AND THE LEADERSHIP OF THE HIGHER EDUCATION COMMUNITY FOR DIRECT, ONGOING DIALOGUE.

FINDINGS:

* Unlike most other states, Vermont has no public superstructure overseeing or controlling higher education -- and the Commission believes this decentralization is a strength. Higher education here has become a diverse, generally healthy community of public and private institutions with flexibility, good quality and a wide range of offerings. From the standpoint of the public interest, this highly autonomous system has merit and value -- but it also has some limitations.

* One such limitation is the absence of a clear, consistent, shared vision for the future. At times the public policies, expectations and goals for higher education in Vermont are not well enough articulated, nor understood, by all the leaders involved.

Without a shared understanding of what the goals are, it becomes difficult to assess how well they are being pursued -- whether higher education is moving in directions that will meet Vermont's changing needs. A clear and mutual understanding of policy and objectives helps the institutions that seek state assistance, just as it helps the state in responding to such requests.

* Current opportunities for dialogue are not enough to meet these challenges. The University of Vermont (UVM), the Vermont State Colleges (VSC) and VSAC are each allotted three or four hours per year to talk and work directly with the Governor and the General Assembly. Vermont's independent institutions do not even get that much routine opportunity for dialogue with the leaders of their state. Better and fuller communication between government and higher education leaders is essential if we are to improve understanding and build the relationships needed to provide for new and future needs.

* Despite this limited interaction, we have been impressed by the willingness of the higher education community to aid the public policy discussions of this Commission by making technical data and expertise readily available. We have also been impressed by the data found in the Vermont Postsecondary Education Information Sourcebook, which has been published for ten years following the recommendation of the 1979 funding study.

* Finally, we find that institutions which emphasize a well-defined planning process more readily address policy questions about current and future directions -- internal and external.

SPECIFIC ACTIONS:

1. To sustain the strength of the current relationship between government and higher education and to address its current limitations, we strongly recommend that a forum for dialogue be created. We suggest that a higher education advisory body be established, modeled after the Governor's Council of Economic Advisors.

The Governor's Higher Education Advisory Council should bring the Governor and her senior staff together with board members and executive leadership of the higher education community. These government and institutional leaders are generally independent, and should stay that way -- but they are mutually dependent in addressing the needs of the state, and they can follow the successful pattern of the Council of Economic Advisors in doing so. The relationship between the state and the higher education community will be substantially advanced through four to six sessions per year of candid, direct discussion, scheduled to assure participation by the Governor and the Council members.

The new Council should replace the Vermont Higher Education Planning Commission, and build on the perspective and resource base successfully developed by that group.

2. To extend effective planning into a statewide perspective, we recommend that the Governor call on the new Council to lead preparation of a "Vermont Higher Education Futures Report."

Using this Commission's findings as a starting point, the new Council should continue discussions toward a vision for Vermont higher education in the decade to come, and beyond the year 2000. Following consideration by the Governor, this Futures Report can become a touchstone for discussions, debate and decision-making by both government and the higher education community.

3. A focal point in the Governor's office should be created for enhanced higher education policy analysis and communication.

We recommend reassigning the current, two-person higher education staff from the Department of Finance and Management to the Governor's Office of Policy Research and Coordination. These positions are the state government's only full-time higher education resources -- and they should be members of the Governor's staff. They should be more visible in their roles of reviewing policy, providing information, and staffing the new Higher Education Advisory Council. Fiscal review functions, however, should be retained by Finance and Management.

4. To develop and compile information for the Governor's office and the Legislature, we recommend formal appointment of an advisory group for higher education data and analysis. This would be a positive response to a need expressed by state and educational leaders.

The Vermont Higher Education Data Council should be composed of appointees nominated by the higher education institutions, and coordinated by the Governor's higher education staff. The Data Council should serve executive, and on request legislative, needs for reliable information to support policy discussions, such as #2 above, as well as public decision-making. This group should also be the focal point for such ongoing data collection as the annual, federal higher education surveys.

B. PUBLIC FUNDING:

THE "HIGH TUITION, HIGH AID" PUBLIC FUNDING STRATEGY FOR HIGHER EDUCATION IN VERMONT HAS PROVIDED REASONABLE ACCESS TO MOST STUDENTS, AND SUPPORTS INSTITUTIONS WHICH HAVE BEEN GENERALLY VIABLE. HOWEVER, AS TUITION AND COST LEVELS RISE, ALTERNATIVE OR REVISED STRATEGIES MAY SOON BE NECESSARY. IN DISCUSSIONS AMONG STATE AND EDUCATION LEADERS, CHANGES IN FUNDING STRATEGY SHOULD BE A CONTINUING TOPIC.

FINDINGS:

* Vermont ranks third in the nation in spending on higher education as a percentage of personal income. (Spending here includes public appropriations as well as tuition and private contributions.)

* An update done for the Commission of the 1979 Vermont Higher Education Funding Study (see Attachments) shows that in each year since 1983, state appropriations increases for higher education have exceeded inflation -- reversing a trend that began in the early 1970's. Vermont's growth of appropriations for this purpose is now in the middle range of states.

* Because a high portion of the \$66 million in state higher education appropriations goes into financial aid for students and relatively less is given directly to colleges and universities, higher education institutions rely more heavily on tuition revenues in Vermont than in any other state but New Hampshire. Between 1982 and 1989, tuition and fees for in-state students rose between 78 and 87 percent at Vermont's public and independent higher education institutions. During that same period, the Consumer Price Index rose by only 28 percent.

* Although public institutions are not now spending at deficit levels, the Vermont State Colleges and the University of Vermont do not have reserve resources to sustain operations through a downturn in revenues, or an unavoidable upturn in spending. The financial underpinnings of UVM and VSC may not be adequate. VSC is the only public higher education system in the country eligible for federal Title III aid to disadvantaged institutions. However, the Commission did not review in depth the finances of the public or independent institutions.

* Independent institutions express similar concerns for thin operating margins. And largely because of the 1986 federal tax-law changes, some independent institutions now have a more difficult time gaining access to reduced-cost capital borrowing to maintain campus infrastructure. For these institutions, the expense of a tax-free bond sale may exceed the savings that result from the lower, tax-free rate.

* Because relatively high levels of student aid have been available, financial barriers to higher education are not yet insurmountable to Vermont's traditional students who seek college admission. The numbers of non-traditional and part-time students have grown dramatically, and financial aid programs are responding to their special needs. However, tuition and related costs may be approaching levels that many Vermonters cannot afford -- even with public and other subsidies. Between 1980 and 1989 the in-state tuition at UVM increased, as a portion of median family income, from 7 percent to 10 percent.

* UVM and many independent institutions employ tuition surcharges, most often paid by out-of-state students and most often used to assist Vermont students. In fact, the affordability of higher education for Vermonters is heavily dependent on the out-of-state student -- and this is a cause for considerable concern.

* In 1988, 46 percent of higher education students in Vermont came from outside the state -- one of the highest such proportions in the nation. Both independent and public institutions rely on the willingness of out-of-state families to invest in education here. But the rising tuition levels charged to out-of-state students threaten the attractiveness of going to college in Vermont; in one warning signal, nonresident applications to UVM dropped by 25 percent between autumn 1988 and autumn 1989. Between 1982 and 1989, out-of-state tuition at UVM increased by 105 percent, while in-state tuition rose by 78 percent.

* Legitimate public interest extends to the full scope of operations at UVM, VSC and VSAC -- it is not restricted to the portion of those operations supported by public funds. To build and maintain trust between the state and higher education, full disclosure in understandable terms is essential.

SPECIFIC ACTIONS:

5. Until there is mutual agreement on desired outcomes among state and education leaders to guide public investment, state funding increases should be adequate to meet the incremental costs of inflation. The state should provide added support for purposes of high, demonstrable need -- especially for purposes identified by those several groups currently convened to consider the education, economic and environmental needs of the state.

Accordingly, Vermont's approach to public funding should not be sacrosanct -- it should evolve as the state's overall higher education policy develops. As public goals and expectations change, state investments should be assessed and adjusted according to how well they help meet those goals.

In this context, the Commission recommends that state support for higher education be evaluated according to how well public needs which have been identified are being met. Changes in public funding should be described on the basis of absolute increases or decreases -- not in comparison to state spending allotted to other purposes, or to the proportions of institutional budgets that state funds support.

6. The Commission recommends that these tuition policies for UVM and VSC be reaffirmed:

(a) Universal access at an affordable price should be available to all Vermonters -- whether through aid packages or reduced tuition "sticker prices" (see section C below).

Vermont residents attending Vermont public higher education institutions should pay lower tuition than out-of-state students.

These in-state tuition levels should reflect available student aid from all sources. That is, the more available student aid is, the higher in-state tuitions can be set without disadvantaging students who have financial needs.

In light of these recommendations, statutory limitations on in-state tuition relative to out-of-state tuition should be reassessed.

(b) Tuition for out-of-state residents should, (i) at minimum recover per-student costs of all programs providing direct student benefit, (ii) be sufficiently attuned to market conditions that a high number of students from outside Vermont are still attracted, and (iii) reflect the value of services received.

(c) State appropriations to supplement in-state tuition should cover the reductions extended to Vermont residents, excepting any "surplus" from out-of-state tuition payments.

(d) State support for institutions should continue to be specified for purposes other than augmenting in-state tuition, such as for the Agricultural Extension Service, the UVM College of Medicine and capital projects.

(e) Reasonable business practices which encourage efficiency and cost-effectiveness should be emphasized, to help restrain tuition levels for all students.

7. Current and proposed uses of public funds for higher education should be more explicitly described during the annual funding process. Specifically:

(a) Appropriations requests should show, more fully and clearly than is now the practice, how state funds are intended to be used;

(b) Requests should include a schedule of priorities, in case additional funding becomes available;

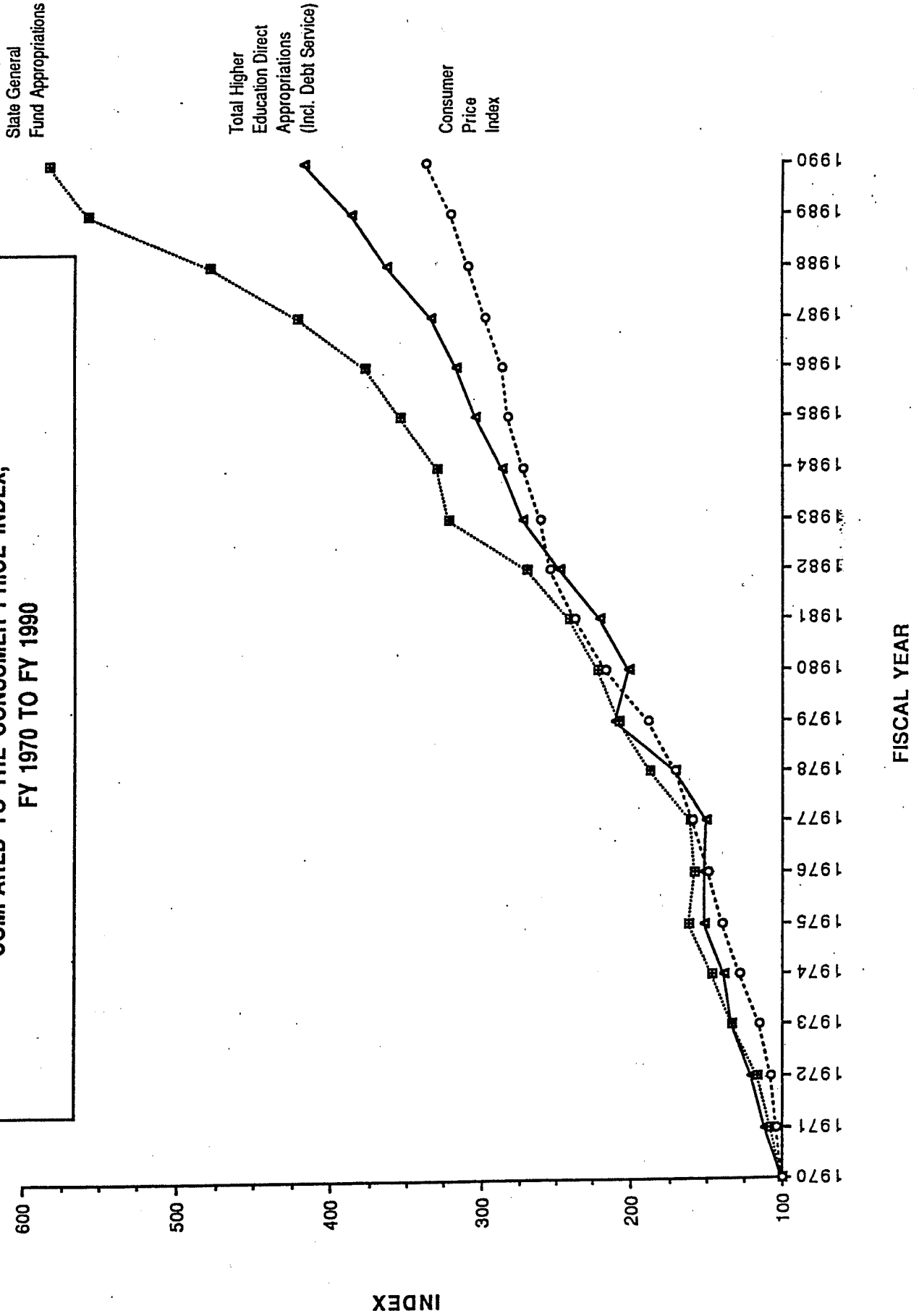
(c) Institutions should report unbudgeted windfalls and shortfalls that result from shifts in expected student enrollment, including the in-state/out-of-state student mix.

8. The state and the public institutions should develop "compact" agreements to describe their respective roles and responsibilities for achieving high-priority public purposes. Those purposes should include assuring access for non-traditional students, responding to a changing mix of in-state and out-of-state students, and delivering programs to regions not served by public campuses. The compacts should be used to specify why funds, particularly funds in excess of inflation, have been provided and the associated conditions for their use.

The compacts should provide guidance and spell out mutual expectations within bounded areas of policy, but should not otherwise intrude on the usual autonomy of the relationship between the institutions and the state.

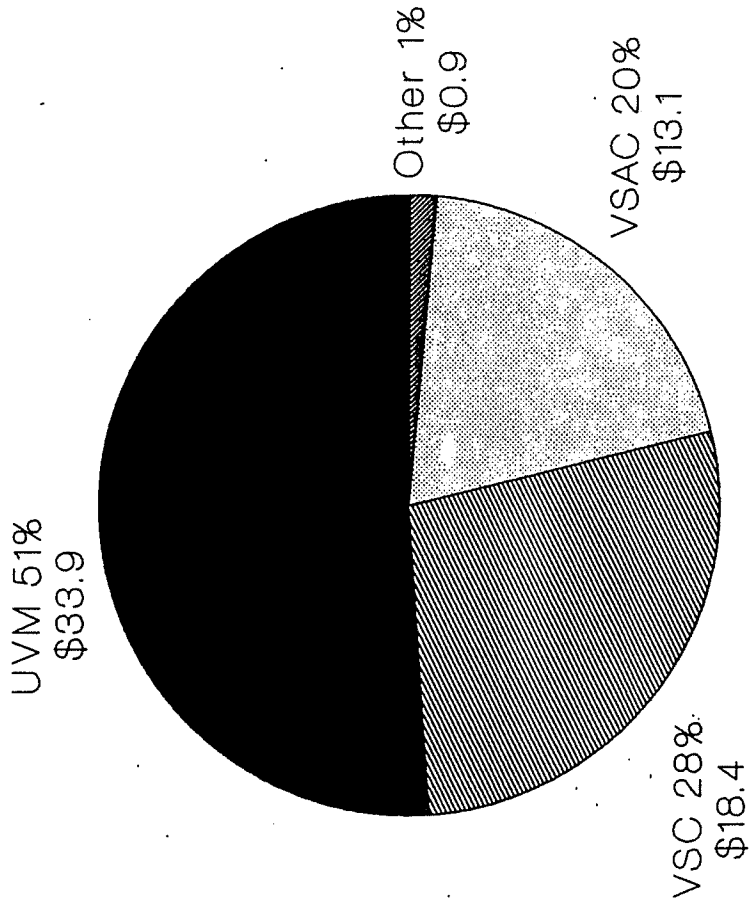
9. The Commission recommends that the Vermont Educational and Health Buildings Financing Agency continue exploring ways to improve independent institutions' access to reduced-cost loans for capital projects. Options should emphasize methods that extend the benefits of public endorsement without adding to the general fund for this purpose. To qualify for such benefits, capital projects should be consistent with Acts 200 and 250; and the facilities that benefit should be made available to local communities.

INCREASES IN APPROPRIATIONS FOR HIGHER EDUCATION
AND TOTAL STATE GENERAL FUND
COMPARED TO THE CONSUMER PRICE INDEX,
FY 1970 TO FY 1990



Source: UVM Office of Institutional Studies

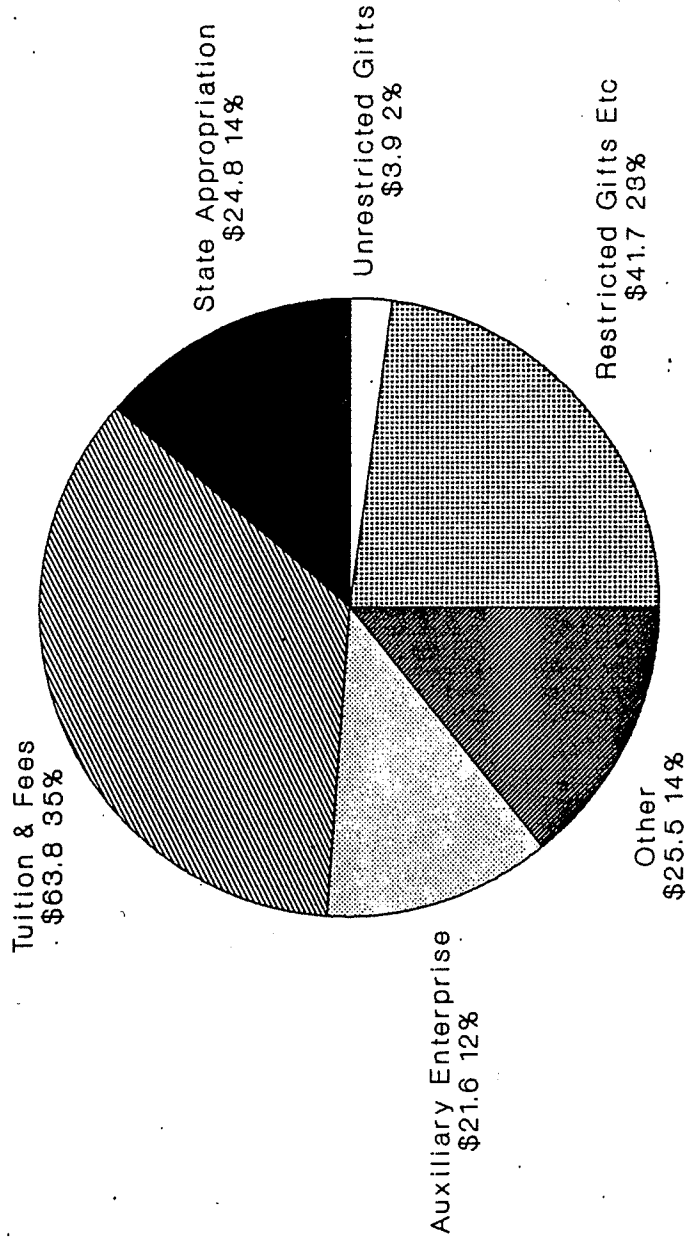
WHERE VERMONT SPENDS ITS HIGHER EDUCATION DOLLARS FY 1990



Total - \$65.6 Mil

SOURCE: Appropriation Acts
NOTES: UVM includes Morgan Horse Farm, ETV and Debt Service (est.)
VSC includes Vermont Interact Television and Debt Service (est.)
Other includes New England Board of Higher Education and Vermont Higher Education Planning Commission

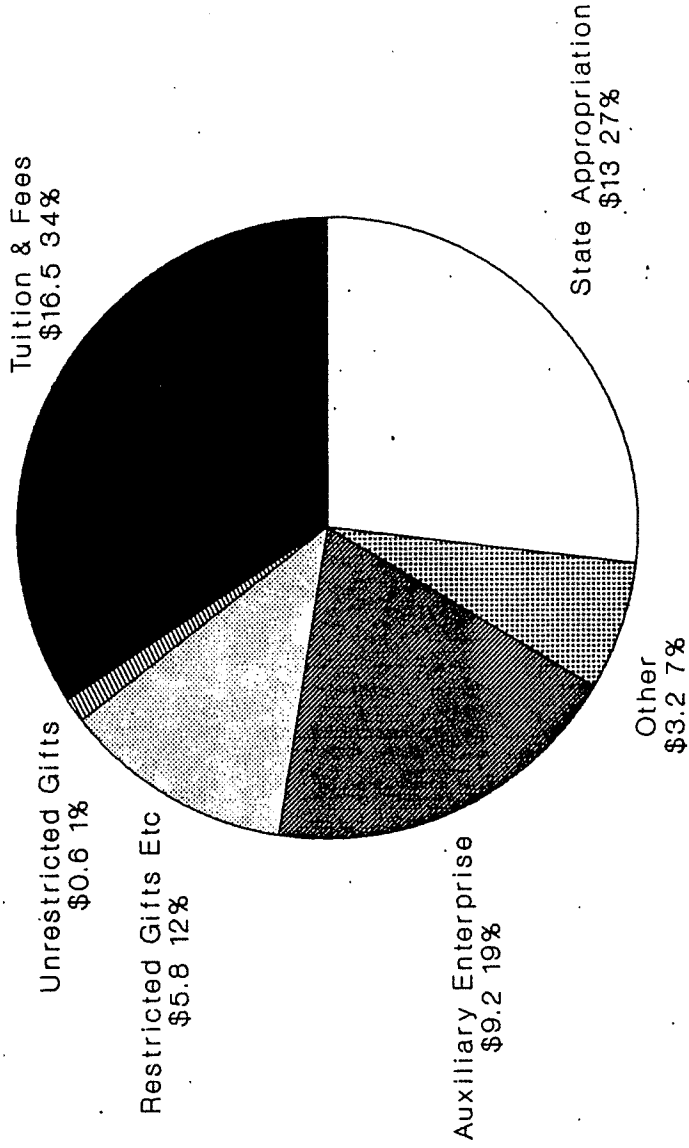
UNIVERSITY OF VERMONT CURRENT FUND REVENUES FY88



Total Revenues: \$181.3 Mil

Source: Vermont HEPC Sourcebook 1988

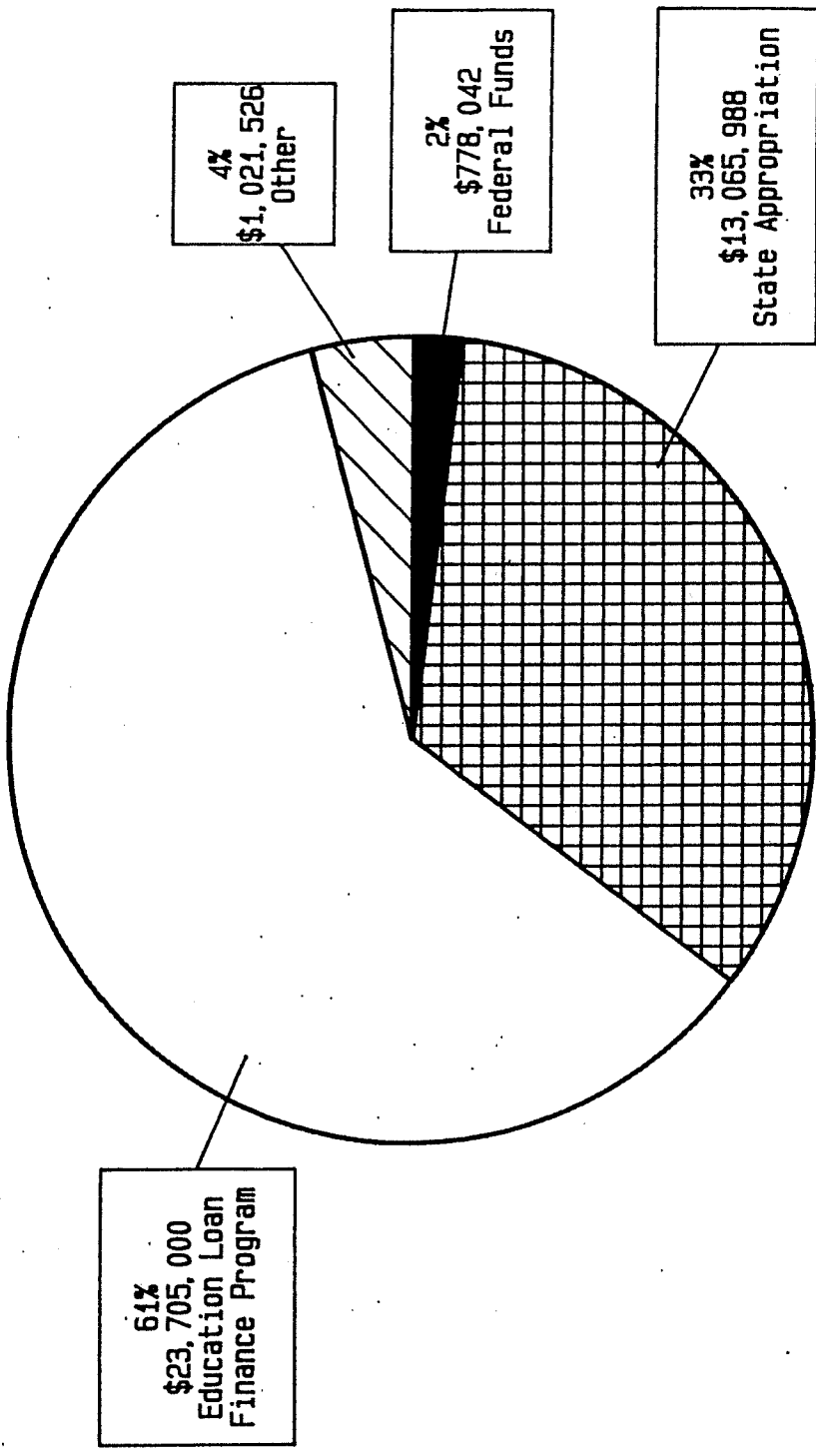
VERMONT STATE COLLEGES CURRENT FUND REVENUES FY88



Total Revenues: \$48.3 Mil

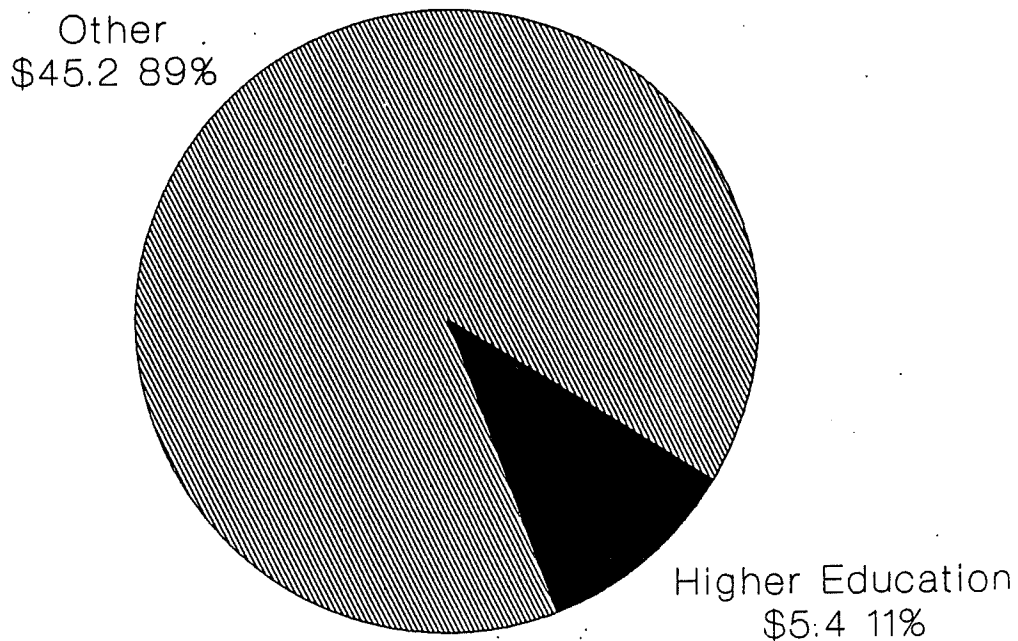
Source: Vermont HEPC Sourcebook 1988

Vermont Student Assistance Corp.
Projected Corporate Revenue: \$39, 110, 556
FY90



SOURCE: VSAC Corporate Budget, FY90

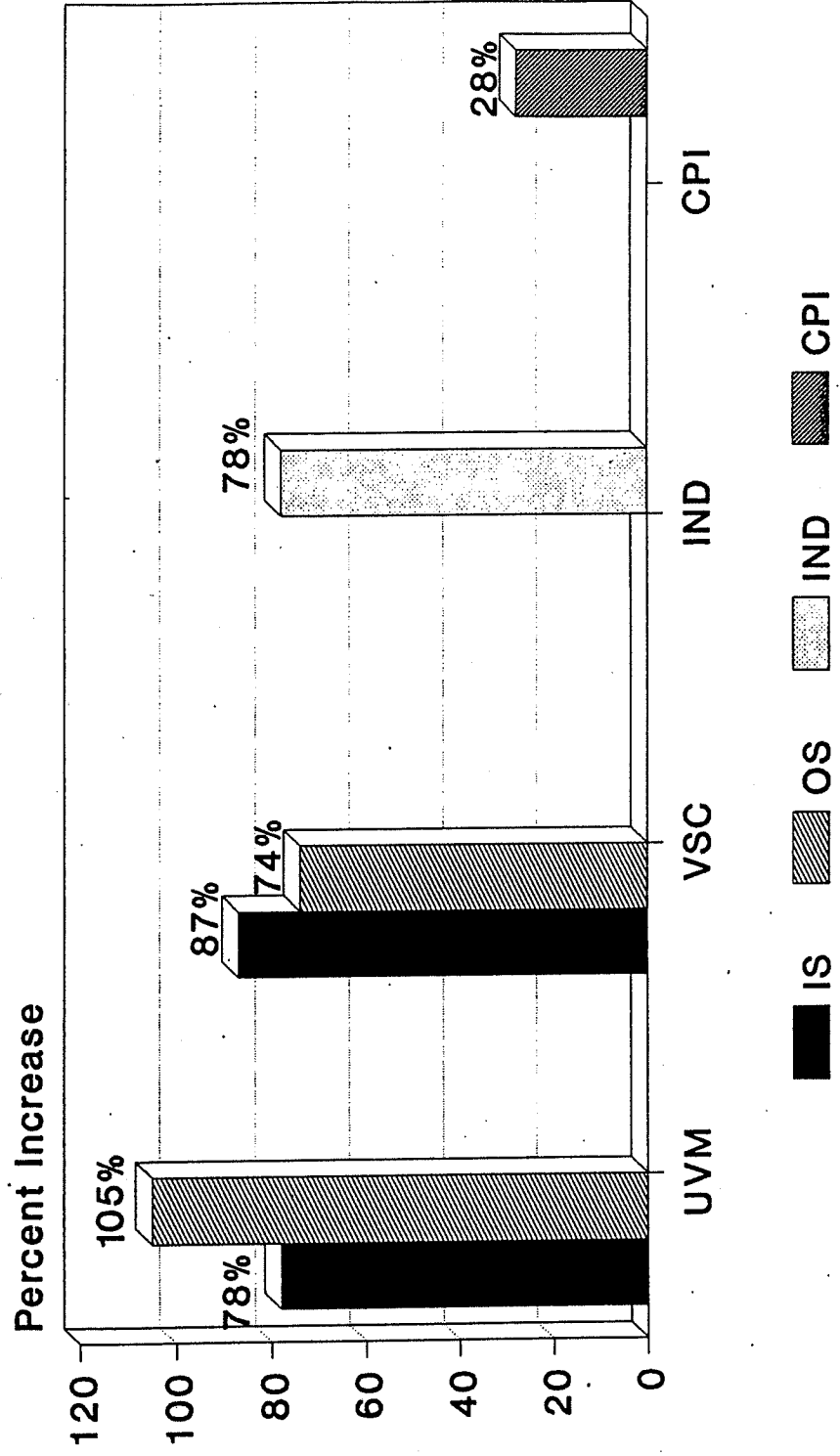
FY 1990 CAPITAL FUNDS STATE OF VERMONT



Total: \$50.6 Mil

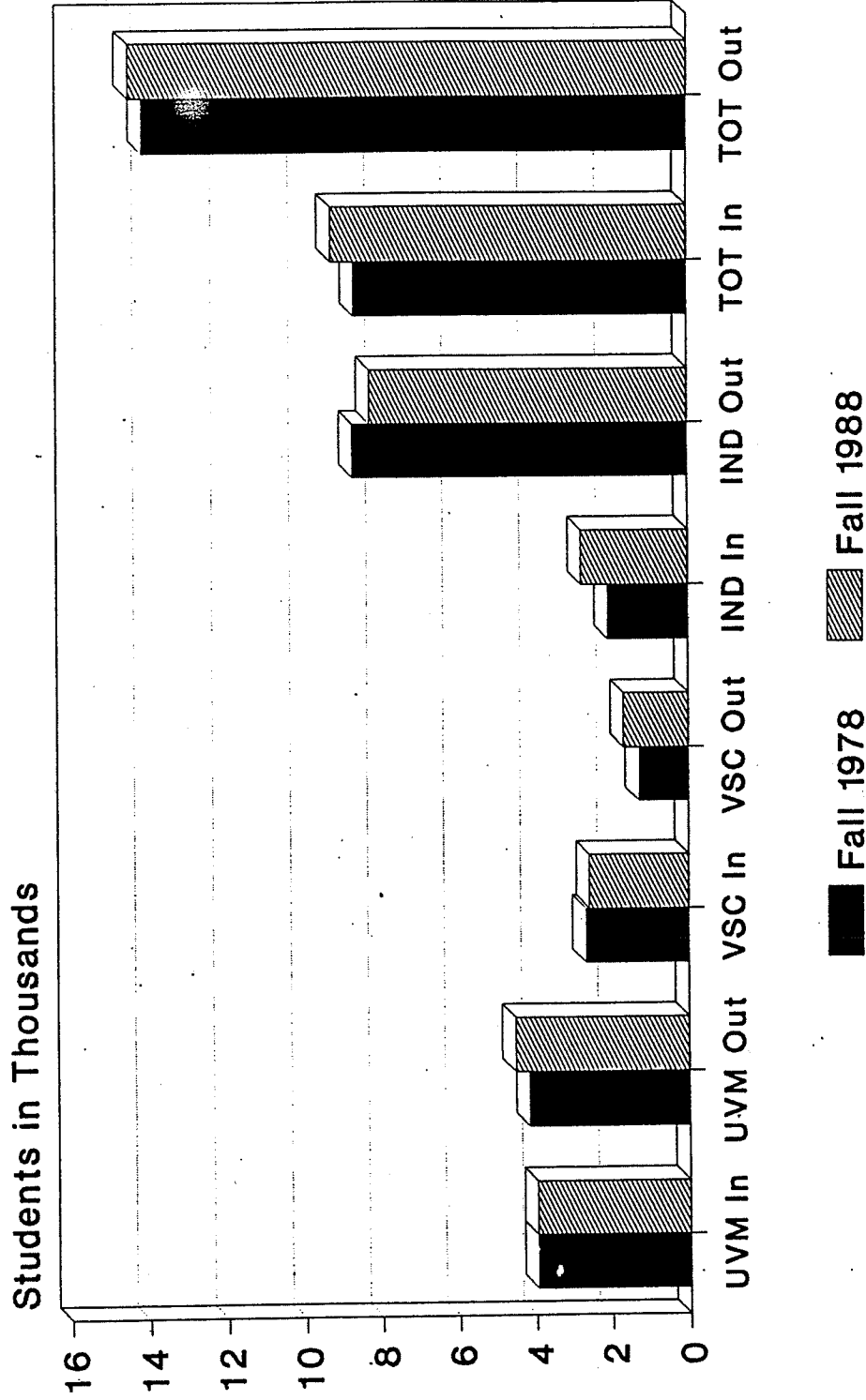
Source: Appropriations Acts

Tuition/Fees Charges at Vermont Institutions FY 1982 - FY 1989



Source: Vermont Student Assistance Corp
Council for Postsecondary Education
VSC Planning & Research Services

FT Enrollment in VT Higher Education Institutions, In-State/Out-of-State



Source: Vermont HEPC Sourcebook 1988

C. STUDENT ASSISTANCE AND ACCESSIBILITY:

PUBLIC GRANT FUNDS SHOULD BE REDIRECTED SO THAT FINANCIAL RESOURCES PROVIDE IMPROVED BENEFITS TO VERMONT STUDENTS WITH GREATER NEED. POLICY DECISIONS FOR USE OF STATE STUDENT ASSISTANCE FUNDS SHOULD BE DEVELOPED AND REACHED IN A MORE PUBLIC FASHION.

FINDINGS:

* Students attending Vermont institutions benefit from more than \$31 million in non-federal student aid. Over three quarters of this aid is derived from institutional resources. Independent schools provide more than two-thirds of this institutional aid. Student aid has become an ever-more important force driving independent college budgets.

* Many of the independents recognize that their tuition levels are high in relation to typical Vermont incomes, and offer aid programs especially designed to benefit in-state students.

* The Commission notes a frequent disparity between the tuition and fees published by institutions and the amounts actually paid by students. The "list price" is the most it will cost -- it is often not the most likely cost. The difference reflects federal, state and institutional aid programs, which factor in ability to pay, along with institutional preference for students of certain cultural backgrounds and of scholastic, artistic or athletic ability. Recognizing that costs can be flexible often allows students and their families to choose the college most likely to meet the student's needs.

* The Commission was surprised to learn that the out-of-pocket costs to needy Vermonters attending UVM are less than for those attending VSC. This results from UVM's use of its institutional resources to supplement federal and state aid programs. To date, the VSC institutions have not made similar provisions.

* The "high student aid" reputation which Vermont enjoys is a product of funding policies at the institutions -- independent and public -- as well as at VSAC, where most state-funded student aid programs are concentrated. In fact, the \$6.7 million of in-state grants funded through VSAC amounts to less than one-quarter of all student aid generated inside Vermont. (An additional \$2.7 million in VSAC grants go to Vermonters studying out of state).

* The Vermont Student Assistance Corporation benefits a large number of Vermonters through a comprehensive student assistance program, which employs federal and state funds to support current and future students who have a broad range of needs. Between fiscal 1979 and 1989, total VSAC grants grew from \$3.9 million to \$9.4 million; the number of recipients almost doubled, from 5,561 to 10,553, including more than 3,000 nontraditional students. VSAC financial and outreach assistance has enabled many thousands of Vermonters to benefit from higher education opportunities.

* The Commission finds, however, that state-funded grant aid is too thinly spread. Although Vermont allots a larger proportion of its higher education budget to need-based student grants than any other state, the average VSAC grant ranks 20th nationally in amount. Current policies provide limited aid levels to students across a wide eligibility range. This results in very small amounts going to many students of relatively moderate means, when state assistance could go in larger amounts to students of greater need.

* These VSAC policies appear out of phase with a time when grant dollars are increasingly limited, and the number of non-traditional students is burgeoning. Policies that were reasonable during periods of grant aid expansion may not be best suited to the challenges faced today.

* Federal aid programs have cut back on grants by almost 30 percent, in constant dollars, during this decade, while federal student loan funds have increased. This change is placing increased reliance on student and family borrowing. Debt levels are rising, especially among students at public institutions: in 1988 the average grant recipient, taking a bachelor's degree from a Vermont school, had borrowed \$8,800 over the student's four-year career.

Grant dollars have become a more and more restricted resource, and their use needs to be targeted carefully. Personal savings programs for higher education take on added importance today: they reduce the need for future borrowing, and they are a resource entirely within the control of families and students.

* Consumer demographics are changing -- the number of Vermont high-school graduates is undergoing a short-term contraction, while the growing presence of nontraditional students is likely to be permanent. Both of these trends pose substantial challenges: institutions must market to a smaller population of teenagers, many of whom are not suitably prepared, while also responding to the educational, social and economic demands of older, part-time and other nontraditional students.

* The aspiration and continuation rates for Vermont students are impressive. Fifty-nine percent of the state's 1986 high-school graduating class aspired to postsecondary education, and nearly 57 percent actually enrolled full-time; that was higher than the national continuation rate of 49 percent, and it was a 12 percent increase over Vermont's class of 1978. However, the number of degrees conferred by Vermont institutions declined by 4.2 percent between 1982 and 1987. These apparently contradictory statistics point to a need for better measures of the outcomes of higher education encounters.

SPECIFIC ACTIONS:

10. Since VSAC distributes small grants to many students of moderate means while benefits for less advantaged students could be improved, the Commission recommends that state grant dollars be retargeted to provide more significant aid levels to those with greater need.

The special needs of the growing number of nontraditional students should receive particular attention.

11. The current student assistance practices and their effects should be reviewed by the Governor's Higher Education Advisory Council. At minimum, the review should consider:

(a) The current "portability" policy -- the giving of state financial aid to Vermont students going to college outside the state. Although the Commission generally supports portability, its eligibility criteria should be reexamined. For example, should grants be available for out-of-state study, when the same course of study is available within the state? Furthermore, funding would go further if these grant amounts were based on VSC rather than UVM in-state tuition levels.

(b) Adequacy of programs for nontraditional students, to assure that this growing enrollment sector has access to higher education.

(c) Needed revisions to the federal aid formula, which influences many student-aid decisions at the state level, in particular those affecting nontraditional students. These revisions should include:

--Using estimates of earnings for the year when classes are to be taken, rather than for the year prior to attendance; and

--Including child-care costs as allowable "deductions" when describing the need level of independent students.

Regardless of whether the federal aid formula is revised, Vermont should consider restructuring its state-funded support to achieve the same ends.

(d) The financial aid disparity for Vermont students attending the University of Vermont, as compared to those attending the Vermont State Colleges. To correct this situation, the state grant formula and policies should be revised to take into consideration the amount of need-based institutional aid that a student will receive, so there is no financial reason for a needy student to choose between UVM and the VSC institutions.

(e) Institutional efforts, exclusive of financial aid, to retain students through the successful completion of their education goals.

Because student assistance is a complex area of public policy, the new Advisory Council should retain expert consultation to assist this study. This assessment should be a first step toward consideration of options and priorities.

12. Student aid policy decisions which direct the use of state funds should receive more public scrutiny.

The Governor should call on the General Assembly to broaden the public process in VSAC decision-making as it considers changes to the student assistance statute. At minimum, public hearings, possibly legislative, on the use of state student-aid dollars should be required.

13. VSAC should be commended for its efforts that have prompted more students to complete high school. VSAC and the Higher Education Data Council should identify suitable "completion" indicators for higher education, to help policymakers better understand the recent trends in college admissions and degrees awarded.

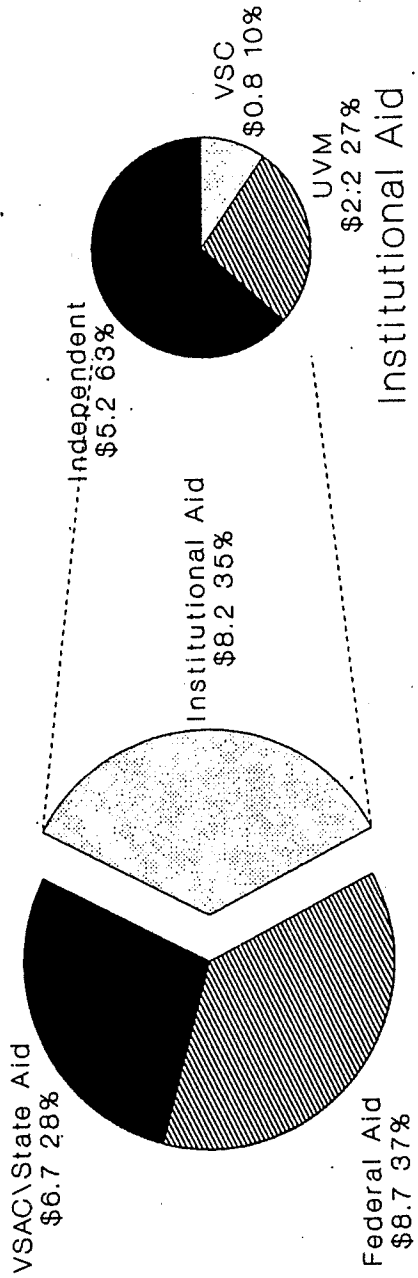
14. Vermont parents should be encouraged while their children are young to recognize their shared responsibility for the eventual costs of higher education. The experience of other states with incentives for tuition savings and investment programs should be studied.

Ways should be sought to better educate counselors, students and families about the likely actual costs of higher education. Counselors and students should not necessarily choose institutions because they appear to be less expensive -- or reject others that seem on the surface to be more costly.

Counselors should find early opportunities to inform students and families with limited ability to pay that campus-based student aid programs often substantially reduce such students' out-of-pocket costs.

GRANT/WORK AID TO VERMONT STUDENTS AT VERMONT INSTITUTIONS

FY 1989



Total: \$23.6 Mil

Source: AVIC Institutions; UVM Financial Aid Office;
VSC Planning & Research Services
Note: Institutional Aid includes grant aid, work study
matching funds and tuition remission.

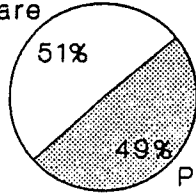
ACTUAL COSTS OF HIGHER EDUCATION IN VERMONT

Prepared from information provided by Vermont colleges and universities, these graphs show how much it is actually likely to cost students and their families to attend a year of school in each of several "sticker price" ranges.

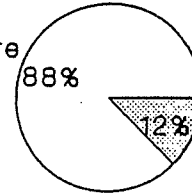
LOW INCOME

MIDDLE INCOME

Student/Family Share
\$3,700



Student/Family Share
\$6,400

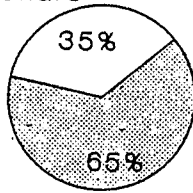


Pub & Inst Grants
\$3,600

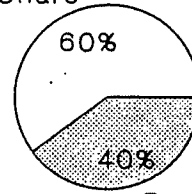
Pub & Inst Grants
\$900

College Costs: \$7,300

Student/Family Share
\$3,300



Student/Family Share
\$5,600

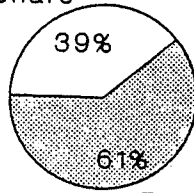


Pub & Inst. Grants
\$6,000

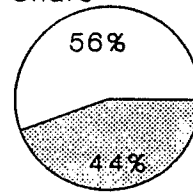
Pub & Inst Grants
\$3,700

College Costs: \$9,300

Student/Family Share
\$5,200



Student/Family Share
\$7,500

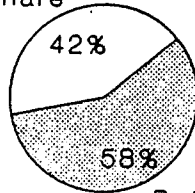


Pub & Inst Grants
\$8,250

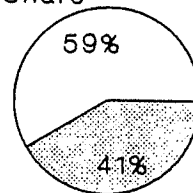
pub & Inst Grants
\$5,950

College Costs: \$13,450

Student/Family Share
\$5,900



Student/Family Share
\$8,200



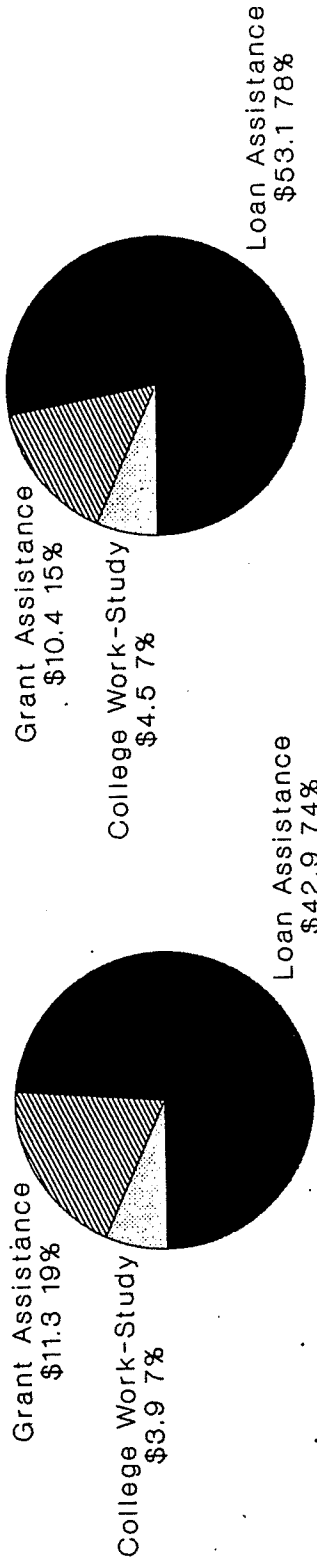
Pub & Inst Grants
\$8,100

Pub & Inst Grants
\$5,800

College Costs: \$14,000

NOTES: Low Income: VT family of four, one in college, adjusted gross income \$15,000
 Middle Income: VT family of four, one in college, both parents working, adjusted gross income \$35,000
 College Costs: tuition, fees, room, board, books and personal
 Student/Family Share: Parents contribution, Student earnings, college work study and loans
 Public & Institutional Grants: Federal Pell, VSAC, Federal Supplemental Educational Opportunity Grants and Institutional Grants

FEDERAL ASSISTANCE FY 1981 - FY 1988



Total: \$58.1 Mil
FY81

Total: \$68.0 Mil
FY88

Grant Assistance: Federal Grant Assistance to Students at Vermont Institutions; includes Pell Grants, Supplemental Education Opportunity Grant, & State Student Incentive Grant

College Work-Study: Federal College Work-Study Assistance at Vermont Institutions

Loan Assistance: Federal Loan Assistance to Vermont Residents and Students at Vermont Institutions; includes Stafford, Supplemental Loans for Students and Supplemental Loans for Parents, Loans to Vermonters studying in Vermont as well as to Vermont residents at out-of-state institutions; also includes loans non resident students studying at Vermont colleges obtained from lenders in the students state of residence.

Source: U.S. Department of Education, Washington, D.C., 1981 and 1988.

D. PUBLIC ACCOUNTABILITY AND RESPONSIVENESS:

THE QUALITY OF HIGHER EDUCATION IN VERMONT IS THE BEST EVIDENCE THAT THE INSTITUTIONAL BOARDS AND THEIR APPOINTING AUTHORITIES HAVE BEEN ACCOUNTABLE AND RESPONSIVE TO THE PUBLIC. ACCOUNTABILITY IS THE MUTUAL AND PRIMARY RESPONSIBILITY OF THE BOARDS AND THEIR APPOINTING AUTHORITIES. MEANS TO ENHANCE BOARD EFFECTIVENESS SHOULD BE ROUTINELY EXAMINED, BUT A FORMAL PUBLIC STRUCTURE TO OVERSEE VERMONT HIGHER EDUCATION IS NOT RECOMMENDED. COMPACT AGREEMENTS HOLD PROMISE AS A MEANS TO ENHANCE THE RELATIONSHIP BETWEEN THE STATE AND THE HIGHER EDUCATION COMMUNITY.

FINDINGS:

- * The autonomy of Vermont higher education is unusual. Higher education here is subject to no formal public oversight structure -- executive or legislative.
- * The Commission feels that the best means of assuring accountability in Vermont public higher education is deliberate public board appointments, and diligent involvement by the appointed board members.
- * The Commission is convinced of the value of strong legislative representation on institutional boards, and supports the General Assembly's practice of electing members from its ranks to serve in those roles. Legislative incumbents serving as board members are essential to successful relationships between the institutions and the General Assembly. Recent friction underscores the importance of effective, open lines of communication.
- * Public board appointments and the annual appropriations process are the primary means for public monitoring and direction. Stewardship is the personal responsibility of board members, and of those who make board appointments. Such responsibility has been executed effectively, with some exceptions. The Commission finds this to be more of a concern at VSAC than with the educational institutions (see below).

* In light of the substantial public investment -- federal as well as state -- in VSAC and the importance of the issues it affects, VSAC's current decision-making structure is, the Commission finds, too insulated from public input and oversight. The policies for use of nearly \$10 million each year in state student aid funds are not decided publicly; they are primarily determined by the VSAC management and professional staff. The agency's policies and procedures may reflect statutory provisions which need updating, in light of current issues and events.

* The quality of the higher education community in our state is a source of continuing pride for all Vermonters:

--UVM has frequently been acknowledged nationally for its notable instruction programs, management of limited institutional resources and success in attracting research funding.

--The VSC system has been restored to programmatic and fiscal health and is regarded as a well-managed and effective resource statewide; the "storefront" CCV network is a national model.

--VSAC has responded well to the financial and information needs of the traditional college population; by extending its reach into earlier grades, it has contributed to the heightened aspirations of Vermont high school graduates.

--The independent institutions serve nearly one-third of the Vermont residents enrolled on campuses in the state, with a variety of offerings and formats; their financial aid policies are in general responsive to Vermonters' relatively greater needs for assistance.

* Consumers appear satisfied with the quality of the Vermont higher education product, as do external accrediting bodies. Though it may go without saying that some Vermont colleges and universities do a higher-quality job than others, it appears that none do a poor job.

* The Commission has heard more than a little public complaint -- most of it centering recently on the University of Vermont. Persons inside and outside UVM decry a lack of clear mission effectively communicated on and off campus. Faculty morale is uneven: members express pride in their roles, but are concerned that workloads are too heavy and support services too limited for staff and students. Some fear that quality is beginning to be affected.

The Commission has not sufficiently reviewed the allegations concerning on-campus issues to assess their validity. However, we are concerned that these vocal exchanges are not constructive, and present an impression that all is not being dealt with effectively.

We do concur with recent conclusions that UVM and its statewide constituencies need soon to achieve a shared vision for the university's future.

* In the Commission's opinion, UVM is a public institution.

* The institutional boards are the state-higher education interface -- and in order to continue the positive and address the negative, means to strengthen the boards should routinely be considered.

SPECIFIC ACTIONS:

15. The Commission recommends that the Governor and General Assembly improve public oversight of student assistance operations and public input into student assistance policy. The Commission suggests that policymakers review alternate ways of achieving these goals. Three options are:

(a) Reestablishing VSAC as an executive branch department, with a Higher Education Student Assistance Board;

(b) Dividing VSAC into two separate entities -- a public corporation to administer federal student aid programs, linked through an articulation contract to a separate executive branch department and board that would administer state-funded student aid programs; and,

(c) Revise the VSAC statute to provide for an expanded and strengthened VSAC board, and for a more publicly accountable means for developing student assistance policy, including the use of student aid funds.

The Commission stresses that the status quo should not continue.

16. For all public boards related to higher education, periodic review should be conducted of board size, appointment mechanisms, representation, responsibilities and frequency of meetings, as a further means of fostering effective and responsible leadership.

17. Before being recommended for appointment to a higher education board, a prospective member should understand and accept the high expectations and level of commitment that such an appointment involves.

Also, each institution should offer orientation/refresher sessions for board members. Public board members should not have to ask what is expected of them.

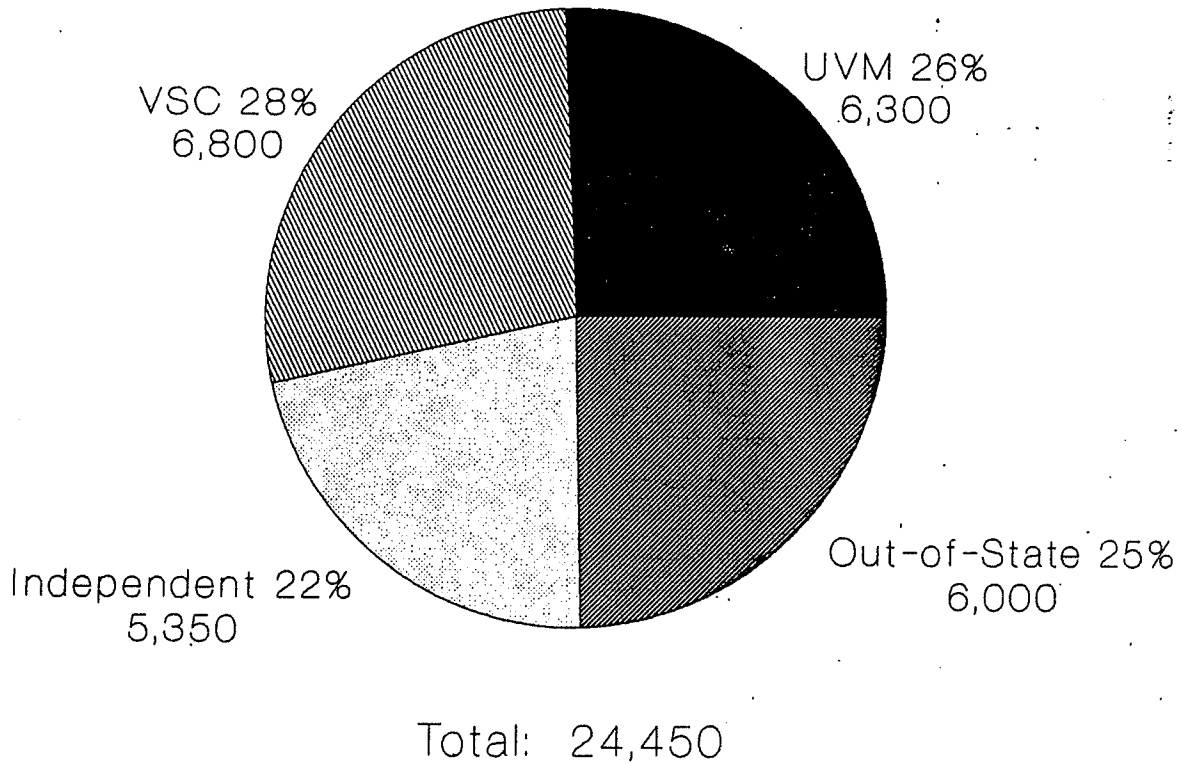
18. We recommend that legislators who are elected to higher education boards serve those terms only so long as they remain in the Legislature. The General Assembly should consider electing other members to complete the board terms of outgoing legislators. This should not apply to any current trustees who were elected by the General Assembly but are no longer members of the Legislature.

19. In addition to board meetings, the public higher education institutions should hold regular open information sessions, and should invite the appointing authorities and the General Assembly, along with local and regional officials.

20. Subject to the limits of the right-to-know laws, all substantive actions of executive, priorities and other board committees should be shared with the full boards, and included in those boards' public records.

21. State, UVM, VSC and VSAC leaders should take advantage of all opportunities to clearly communicate and fully discuss their mutual expectations for the future.

WHERE VERMONTERS GO TO COLLEGE FALL 1988



Notes: Out-of-State number is an estimate; all numbers have been rounded.
Percentage of Vermont population enrolled in two and four year higher education institutions In-State or Out-of-State = 4%.

Source: Vermont Postsecondary Education Information Sourcebook, 1987.

E. COORDINATION AND OUTREACH:

HIGHER EDUCATION INSTITUTIONS AND ORGANIZATIONS SHOULD CONTINUE TO WORK COOPERATIVELY TO MEET THE VARIED NEEDS OF VERMONTERS STATEWIDE, AND TO BE GOOD NEIGHBORS TO THEIR LOCAL COMMUNITIES. THE GROWING NONTRADITIONAL STUDENT POPULATION PRESENTS CHALLENGING DEMANDS FOR EFFECTIVE OUTREACH.

FINDINGS:

- * The Commission is encouraged by the growing numbers of persons, especially nontraditional students, who are seeking the benefits of higher education. The Commission finds that the major new presence of older, part-time and other nontraditional students fundamentally changes the population that higher education serves at many campuses -- and it is a source of new enrichment for all members of the higher education community.
- * Higher education is an ideal Vermont industry. It is environmentally clean, an employer of diversely talented people, a producer of high value-added services and a source of enrichment to its host communities.
- * However, the distribution of Vermont campuses is not uniform. In Chittenden County, opportunities abound for all learners, but beyond the Community College of Vermont some other regions have serious limitations. We are concerned for students who cannot leave their homes to obtain a college education. The Interactive Television Network holds particular promise for meeting the educational needs of Vermonters who work and live in areas not now adequately served.
- * The Commission is impressed by the spirit of collaboration between some campuses and municipal communities. But we are distressed by the rancor which has at times eroded cooperation in Burlington. We applaud the recent change in tone there, and hope that it will lead to more constructive outcomes. The bickering that has prevailed between higher education institutions and local government in Burlington offers students and citizens a poor lesson in constructive problem-solving.
- * The varied Vermont higher education community is capable of impressive and effective collaboration in areas of common interest.

* We note as well a healthy competition -- for students, faculty, capital, gifts and permits. The playing field on which Vermont's higher education institutions compete slopes unevenly, and has scattered hazards in the turf. The uneven slope disadvantages certain types of institutions (the newly begun, those without an endowment, some independent institutions), while all or nearly all are worried by the hazards, among them escalating health insurance costs and faculty salaries that do not compete with out-of-state rivals.

SPECIFIC ACTIONS:

22. Efforts to sustain and improve the aspiration levels of Vermont primary and secondary students should be encouraged: among these are the Governor's Institutes for high school students, UVM's Honors Competition for Excellence in Writing, and the Women In Technology program at Vermont Technical College.

23. Equally deserving of assessment and expansion are attempts to reach the nontraditional student population, and to help overcome the barriers between that group and higher education.

Particular attention should be devoted to continuing the expansion of degree and course offerings for nontraditional students who live in counties where such offerings are now limited.

24. Encouragement should also be given to current efforts by Vermont public entities to develop different and complementary roles for themselves. These include UVM's undertaking to transfer, or share, research and technology with the private sector; the adult and other education-outreach efforts by the VSC system, and VSAC's work in the middle-school grades. These projects should be acknowledged and expanded.

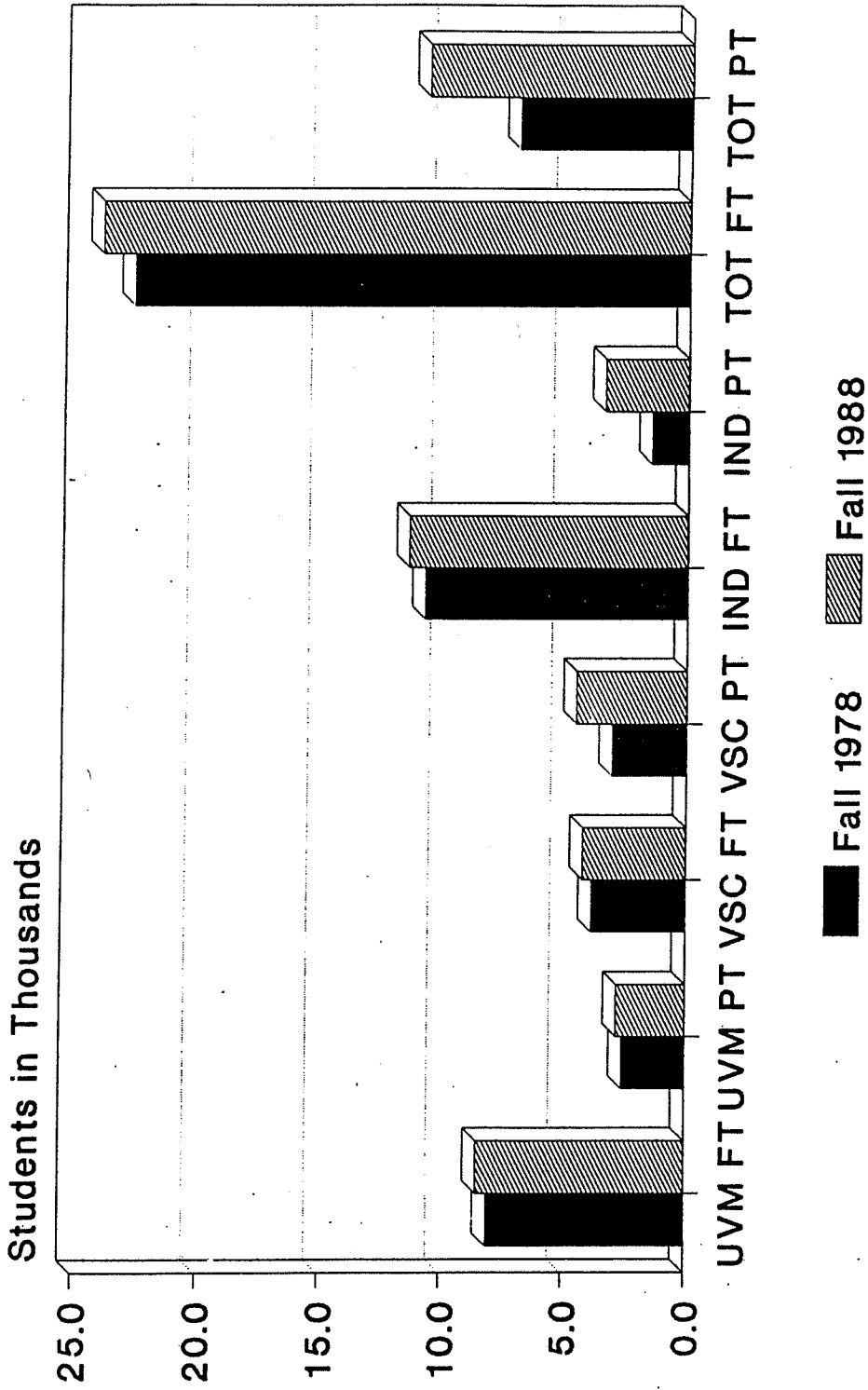
25. Higher education faculty should be encouraged to share their expertise with communities and the state. Restrictions that discourage such faculty outreach should be reevaluated.

Similarly, commercial ventures that help proliferate the results of higher education research should continue to be fostered, as a way to further stimulate the economic base of regions in which colleges are located.

26. Higher education institutions should take serious interest in the present and future welfare of their home communities, and in their operations' impact on those localities.

Academic and municipal leadership should mutually commit to open communication, cooperation and tolerance. Standing, formal approaches to these goals -- such as shared participation in college and community development and planning, e.g. Act 200 involvement -- should be a jointly held priority.

Enrollment in Vermont Higher Education Institutions, Full-Time/Part-Time



Source: Vermont HEPC Sourcebook 1988

In closing this report, the members of the Vermont Higher Education Study Commission would like to emphasize the value that we place on this type of inquiry. Our experience affirms to us that a citizens' panel can address complex public policy questions in general, and higher education issues in particular.

We have been impressed by the amount there was to learn, and by the willingness of the higher education community to help us with that learning. However, our findings and recommendations have been reached independently. We have observed significant changes in Vermont higher education since the last state review in 1979 -- and we think it well-advised that a commission similar to ours undertake another study before the close of the century.

We are grateful to the Governor for the opportunity to undertake this challenge, and to present this report.

Supplemental Views of Robert H. Atwell

Because the views expressed in this report do not fully capture some of my own beliefs about the present state and future needs of higher education in Vermont, I have asked for an opportunity to express my personal opinion. I would not want this to be interpreted, however, as a sweeping criticism of what I generally find to be a thoughtful commentary by the commission. Indeed, as a non-Vermonters, I was honored to be asked to participate and want my respect for my fellow commission members to be a matter of record.

In no particular order of importance, my concerns are as follows:

First, as one who is familiar with the funding of higher education in the various states, I think that the general tenor of the report substantially understates the extent to which the Vermont State Colleges and the University of Vermont are underfunded for their missions as presently defined. While these institutional missions might reasonably be reconsidered, it is clear to me that the public institutions in Vermont presently are trying to do too much with too few resources. In particular, it seems to me that the University of Vermont may have aspirations which exceed the taxpaying willingness of Vermonters.

Second, our recommendation that calls for a "Higher Education Futures Report" troubles me because I had thought that such a report was one of the primary purposes of our own group. In any event, the preparation of a Futures Report should proceed within a range of realistic resource constraints, something I believe is missing from the commission recommendation on this point. Meanwhile, this commission's report should not be used as an excuse for avoiding a consideration of the underfunding which, in my judgment, now characterizes Vermont higher education.

Finally, the commission gave extensive consideration to the policy-making role and the governance of VSAC and arrived at

three possible options for revising the process by which decisions are made about the allocation of scarce student aid dollars. Like my fellow commission members, I view student financial assistance as an absolutely essential component of state policy and I strongly support the view that the policy issues pertaining to the use of Vermont funds should be made by the elected officials and their state agencies. My difference of opinion is that I believe that the only options which really accomplish that objective are the first two of the three recommended, namely that all VSAC programs be folded into an existing or new state agency, or at a minimum that Vermont-funded activities be administered by a new state agency. In my judgment, VSAC's continued status as an independent corporation for purposes of Vermont-funded programs is not compatible with the need for state oversight as recognized by the commission.

In most other respects, I am in accord with the commission's recommendations.

ATTACHMENTS

S T A T E O F V E R M O N T

Executive Department

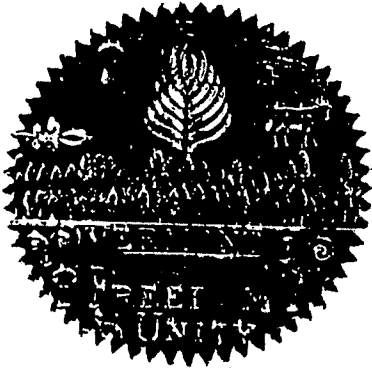
E X E C U T I V E O R D E R

- WHEREAS, the people of the State of Vermont have historically been enriched by the presence of a diverse higher education community including some elements which are centuries old and others which evolved within recent years, and
- WHEREAS, the State of Vermont has historically supported the higher education community through public policies conducive to higher learning, an infrastructure supportive of preparatory learning, direct appropriation of public monies and continued affirmation of the value of an educated and skilled population, and
- WHEREAS, the Vermont higher education community has historically demonstrated a corresponding commitment to serve state needs, and
- WHEREAS, the ability of the higher education community to continue its commitment to serve State needs depends on the availability of resources adequate for the task; resources which in part have been provided by the State, and
- WHEREAS, the State of Vermont has long demonstrated concurrent support for its individual citizens seeking higher education as well as the institutional providers of higher learning, and
- WHEREAS, the State of Vermont has legitimate interest in ensuring educational access for all Vermonters regardless of geographic location or ability to meet the costs of higher education, and
- WHEREAS, the products and benefits of higher education are essential to the future economic and social well-being of the state and its citizens.
- NOW, THEREFORE, BE IT RESOLVED THAT I, Madeleine M. Kunin, by virtue of the power invested in me as Governor of the State of Vermont, do hereby direct that a Study Commission be established to examine the present relationship between the state and the Vermont higher education community, to determine the degree to which that relationship will serve future needs of the state, and to recommend improvements to the mutual benefit of all parties. The study will consider:
- (a) the past and ongoing analyses of the relationship between the state and Vermont higher education community;
 - (b) the needs of the state and its citizens which are and could be met in full or in part by the Vermont higher education community;

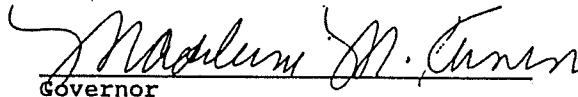
- (c) the response by the Vermont higher education community to those needs;
- (d) the response by the state whereby those efforts are fostered and sustained;
- (e) the accountability for public resources allocated for higher education purposes wherever those resources are employed;
- (f) present and possible means to enrich and strengthen the partnership between the state and the higher education community so that desirable goals are better achieved.

The Study Commission will be composed of seven members appointed by the Governor. The Governor shall appoint the Chairperson of the Study Commission. Members of the Study Commission will serve for a period of six months. The Study Commission shall submit its report to the Governor no later than August 1, 1989. Administrative support for the Study Commission shall be provided by the Agency of Administration, Department of Finance and Management. Members of the Study Commission shall be reimbursed for reasonable and necessary personal expenses incurred in their service.


This Executive Order takes effect upon signing.



Witness my name hereunto
subscribed and the Great Seal
of the State of Vermont
hereunto affixed at Montpelier
this 5 day of April, A.D.,
1989.


Governor

By the Governor:


Secretary of Civil and Military Affairs

Executive Order # 73

VERMONT HIGHER EDUCATION STUDY COMMISSION

DAVID H. ANGOLANO

David Angolano is a Certified Public Accountant licensed in Vermont. He has been in public accounting since 1969. Angolano worked in state government for seven years, serving as a CPA in the Agency of Human Services. He serves as Treasurer on the Board of the nonprofit Vermont Health Care Review Organization. He is a Committee member of the Vermont Society of CPA's.

ROBERT H. ATWELL

Robert Atwell has been President of the American Council on Education since 1984. ACE is the umbrella organization for the nation's colleges and universities; its membership includes more than 1,400 degree-granting institutions and over 200 educational associations. Atwell has held various posts in higher education institutions, from faculty member to President, and has served in several positions in government in the National Institute of Mental Health, the U.S. Bureau of the Budget, and the U.S. Department of State. Atwell is widely published in the field of higher education management and student aid policies, and has served on numerous national committees and boards.

ELIZABETH A. BANKOWSKI

Elizabeth Bankowski has been the Governor's Chief of Staff and Secretary of Civil and Military Affairs since 1985. She previously served as Legislative Assistant to U.S. Representative Robert Drinan (D. MA). She has studied for the Masters in Public Administration at the John F. Kennedy School of Government, Harvard University. Bankowski most recently served on the Governor's Commission on Vermont's Future.

J. CHURCHILL HINDES

J. Churchill Hinds is Chief Financial Officer of the University Health Center in Burlington. Prior to joining UHC in late 1987, Hinds was Deputy Secretary for the State Agency of Administration. He served as the State Budget Director for six years. He worked closely with each session of the Vermont General Assembly from 1979 to 1987. Hinds is a member of several professional and academic organizations.

PAUL A. LACOUTURE

Paul Lacouture assumed the position of Vice President of New England Telephone for the State of Vermont in December 1987. He has worked with New England Telephone/NYNEX for 17 years throughout New England and New York. Lacouture is currently active on a number of committees including the Education Focus Group of the Governor's Commission on the Economic Future of Vermont, the Governor's Advisory Council on Technology, the Vermont Business Roundtable's Education Committee and the Vermont Interactive Television Planning Committee.

PAUL N. POIRIER

Paul Poirier is Manager for External Relations for Green Mountain Power Corporation. Poirier was Democratic Leader of the Vermont House of Representatives for six years, serving most recently as House Majority Leader, the first Democrat in Vermont's history to hold that post. He was elected to the House in 1980. Poirier served on the Special Commission that created the Foundation Education Funding Plan. Prior to his service in State Government, Poirier was a teacher at Spaulding High School in Barre for 18 years. Poirier currently serves on the Board of Civil Authority in Barre.

SALLIE T. SOULE

Sallie Soule is Vice President and Partner in Bygone Books in Burlington. She served as Commissioner of the Department of Employment and Training from 1985 to 1988. She was a member of the Vermont House of Representatives and then in the Vermont Senate from 1976 to 1984. Sallie currently holds membership on several boards, including the Board of Vermont Educational Television.

STAFF: SUZANNE A. VILLANTI
Higher Education Analyst

NANCY J. KIRKLAND
Administrative Assistant

DOUGLAS M. WILHELM
Editorial Assistance

SUMMARY OF MEETING & HEARING DATES

April 7, 1989	Governor's Conference Room Montpelier - Introductory Luncheon
April 26, 1989	New England Telephone, So. Burl. - Discussion of Range of Study Options
May 17, 1989	New England Telephone, So. Burl. - Discussion of Planned Areas of Study and Study Questions
May 24, 1989	New England Telephone, So. Burl. - Presentation of Higher Education Data by Data Council
June 7, 1989	State House, Montpelier - Focus Group Discussion of Access and Success
June 21, 1989	State House, Montpelier - Focus Group Discussion of Responsiveness and Accountability
June 28, 1989	State House, Montpelier - Focus Group Discussion of Higher Education Finance
June 30, 1989	New England Telephone, So. Burl. - Discussions with Higher Education Corporate Leadership
July 12, 1989	State House, Montpelier - Public Hearing
August 3, 1989	Bolton Valley Lodge - Commission Retreat
September 13, 1989	University Health Center, Burlington - Discussion of Findings and Recommendations
September 29, 1989	University Health Center, Burlington - Discussion of Findings and Recommendations
October 25, 1989	Conference Call Meeting - Discussion of Findings and Recommendations

VERMONT HIGHER EDUCATION STUDY COMMISSION
PRESENTATION OF DATA
MAY 24, 1989

INVITED PARTICIPANTS

Britta Anderson
Director of Federal Affairs, Research & Planning
Vermont Student Assistance Corporation

Fred Curran
Director of Institutional Studies
University of Vermont

Rev. Dick Myhalyk
Assistant to the President for
Institutional Research and Planning
Saint Michael's College

Joseph Moore
Director of Research & Planning
Vermont State Colleges

Ken Smith
Associate Vice President for
Academic Affairs
Norwich University

Sister Janice Ryan
President
Trinity College

VERMONT HIGHER EDUCATION STUDY COMMISSION
DISCUSSION ON ACCESS AND SUCCESS
JUNE 7, 1989

INVITED PARTICIPANTS

Britta Anderson
Director of Federal Affairs, Research & Planning
Vermont Student Assistance Corporation

Robert Bates
Guidance Director
Brattleboro Jr UHSD #6

Nancy Chard
Director of Southern Vermont Education Center

Patricia Connelly
Vice President for Enrollment
Trinity College

David Coseo
Director of Financial Aid
University of Vermont

Randall Draper
Director of Development
Johnson State College

Patricia Eldred
Assistant Director of Continuing Education
University of Vermont

Jerry Flanagan
Dean of Admissions
Saint Michael's College

Maureen Gardner
Dean of Students
Johnson State College

Dr. Andrea Johnson
Writing and Literature Department
Johnson State College

Linda Kreamer
Director of Admissions
University of Vermont

David Myette
Director of Financial Aid
Champlain College

Robert Rowe
Guidance Director
Peoples Academy

Tim Wick
Director of Outreach Programs
Vermont Student Assistance Corporation

VERMONT HIGHER EDUCATION STUDY COMMISSION
DISCUSSION ON RESPONSIVENESS AND ACCOUNTABILITY
JUNE 21, 1989

INVITED PARTICIPANTS

Ray W. Allen
Trustee, University of Vermont

Michael R. Audet
Trustee, Vermont State Colleges

Robert G. Clarke
President
Vermont Technical College

John Engroff
Associate Dean
Vermont Law School

Rayburn V. Lavigne
Assistant Vice President for Facilities & Administrative Services
University of Vermont

Lee B. Liggett
General Counsel
University of Vermont

Erhard Mahnke
President, Burlington Board of Aldermen

Ken Minier
Town Manager
Randolph, VT

James S. Suskin
General Counsel
Vermont National Education Association

Susanne Terry
Director of the Mediation Program
Woodbury College

Doug Walker
Director of Basic Education
Vermont Department of Education

Wade Walker
Walker Motors

Betty Wheeler
Town Manager
Middlebury, VT

Sigh Searles
Outreach Counselor [for North Central Vermont]
Vermont Student Assistance Corp.

VERMONT HIGHER EDUCATION STUDY COMMISSION
DISCUSSION ON FINANCE
JUNE 28, 1989

INVITED PARTICIPANTS

Norman Blair
Assistant Vice President, Financial & Personnel Services
University of Vermont

Ted Franzeim
Director of Grant & Financial Aid Services
Vermont Student Assistance Corporation

Eric Gilbertson
President
Johnson State College

William Glasser
President
Southern Vermont College

Joseph Moore
Director of Research & Planning
Vermont State Colleges

Col. Gerald Painter
Treasurer & Chief Financial Officer
Norwich University

Fred Hackett
Hackett Valine & MacDonald, Inc.

Donald Vickers
Associate Executive Director
Vermont Student Assistance Corporation

Doug Williams
Financial Analyst, House Appropriations Committee

VERMONT HIGHER EDUCATION STUDY COMMISSION
DIALOGUE WITH INSTITUTIONAL LEADERS
JUNE 30, 1989

INVITED PARTICIPANTS

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UPDATE OF 1979 VERMONT HIGHER EDUCATION FUNDING STUDY FINDINGS
 Vermont Data Gathering Council
 July 17, 1989

1. 1979 the percentage share of the total General Fund which is appropriated to support higher education has declined from 14.9% in FY 1970 to 13.8% in FY 1981;

1989 the percentage share of the total General Fund which is appropriated to support higher education has declined from 13.5% in FY 1980 to 10.6% in FY 1990;

2. 1979 appropriation increases for higher education have not always kept pace with increases in the Consumer Price Index: i.e. from 1970 to 1981 higher education appropriations increased from 100% to 207.4% while the CPI increased from 100% to 217.9%.

1989 from 1980 to 1982 higher education appropriation increases were below the CPI: i.e. using a base year of 1970, higher education increased from 202.4 in 1980 to 250.1 in 1982, while the CPI increased from 216.1 in 1980 to 253.9 in 1982; from 1983 to 1990 higher education appropriation increases were higher than the CPI: i.e. higher education increased from 278.3 in 1983 to 442.2 (est.) in 1990, while the CPI increased from 260.4 in 1983 to 337.0 (est.) in 1990;

3. 1979 higher education General Fund expenditures have increased at a lower percentage rate than those of any other major area of state activity during the period from FY 69 to FY 78:

General Government	+ 154.7%	
Protection	+ 149.3%	
Human Services	+ 163.6%	
General Education	+ 104.5%	

Higher Education	+ 94.4%	(incl debt service)

Environ Conserv	+ 180.9%	
Dev & Commun Aff	+ 168.0%	
Miscellaneous	- 72.0%	(incl Manpower)
Debt Service	+ 253.5%	(excl higher educ)

TOTAL GENERAL FUND	+ 134.6%	

3. Continued

1989 higher education General Fund expenditures have increased at a lower percentage rate than those of any other major area of state activity except Development and Community Affairs during the period from FY 78 to FY 88:

General Government	+214.1%	
Protection	+209.6%	
Human Services	+142.7%	
General Education	+190.7%	

Higher Education	+110.1%	(incl debt service)

Natural Resources	+142.0%	
Dev & Commun Aff	+ 6.8%	
Miscellaneous	-100.0%	(incl in Gen Gov beginning in FY88)
Debt Service	+117.3%	(excl higher educ)

TOTAL GENERAL FUND	+153.0%	

4. 1979 Vermont's public higher education institutions rely more heavily on tuition revenues and receive a lower percentage of their budgets from state appropriations revenues than is the case in other states;

1989 Vermont's public higher education institutions rely more heavily on tuition revenues than any other state but New Hampshire, and receive a lower percentage of their budgets from state appropriations revenue than is the case in other states. Rankings of the states in the 1988 STATE HIGHER EDUCATION PROFILES show that Vermont ranked 2nd with its public institutions receiving 41% of their educational and general revenue from tuition compared to a state median of 18%. And Vermont ranked 51st with 20% of its educational and general revenue coming from state/local appropriations compared to a state median of 57%.

A comparison of the 1988 DIGEST OF EDUCATION STATISTICS U.S. percent of total current funds revenues by source for FY 1986 with Vermont public totals as reported in the 1986 VERMONT HIGHER EDUCATION INFORMATION SOURCEBOOK shows the following:

	Tuition & Fees	State Appropriations	Other
	-----	-----	-----
U.S. Public Total	14.5%	43.2%	42.3%
UVM	33.4%	14.2%	52.4%
VSC	32.1%	27.4%	40.5%

5. 1979 Vermont ranks 50th among the fifty states in terms of the percentage increase in state appropriations for higher education during the period from 1970 to 1980;

1989 Vermont ranks 28th among the fifty states in terms of the percentage increase in state appropriations for higher education during the period from 1978-79 to 1988-89;

6. 1979 the number of Vermont students enrolled in the state's higher education institutions has increased during the past ten years by 14% at UVM, and by approximately 25% at Vermont State Colleges and the independent colleges in the state.

1989 the number of Vermont students enrolled in the state's higher education institutions between 1979 and 1988 has increased by 6% at UVM, by 47% at Vermont State Colleges, and by 45% at the independent colleges in the state. Enrollment patterns were as follows:

		UVM	VSC	INDEPENDENT
		---	---	-----
Headcount -----	1979	5950	4616	3605
	1988	6326	6808	5219
	% Gain	6%	47%	45%
Full-Time Students -----	1979	3837	2451	2268
	1988	3952	2528	2752
	% Gain	3%	3%	21%
Part-Time Students -----	1979	2113	2165	1337
	1988	2374	4280	2467
	% Gain	12%	98%	85%

7. 1979 state higher education appropriations/allocations per Vermont student directly served have not kept pace with inflation; in constant 1973 dollars, appropriations per student directly served have decreased by 11.9% from FY 1973 through FY 1979.

1989 state higher education appropriations/allocations per FTE Vermont student have been slightly higher than inflation; in constant FY 1980 dollars, appropriations per FTE student at UVM and VSC have increased 17.7% from FY 1980 through FY 1989. The average state appropriation/per VSAC FTE grant recipient increased 15.3% from FY 1980 to FY 1989.

OTHER TRENDS BETWEEN 1979 AND 1989 WORTH NOTING:

1. FEDERAL FINANCIAL AID:

The 1988 Wilensky Study reported that the amount and composition of federal student aid has changed dramatically since 1980. Federal aid, prior to 1980, grew at a rate greater than public and private tuition increases. Since 1980, federal aid rose less than half the rate of tuition increases. The composition of that declining aid has shifted from grants toward loans.

In Vermont federal Pell grant amounts declined from \$7.5 million to \$6.1 million between 1981 and 1988. VSAC loan volume grew from \$64 million in 1981 to \$229 million in 1988.

Federal Grant Assistance to students at Vermont Institutions declined from \$11.3 million to \$10.4 million FY81 to FY88: 8% in current dollars and almost 30% in constant 1980 dollars.

Loan Assistance to these students increased by 24% in current dollars but declined by 5% in constant 1980 dollars.

Annual VSAC loan volume was \$18.8 million in FY81 growing to \$23.7 million in FY88.

2. VERMONT'S LEVEL OF AID:

From FY80 to FY89, the Vermont Level of Aid (comprised of parents' contributions, federal Pell Grants and Vermont Incentive Grants) decreased from 60% to 47% of educational charges at Vermont public institutions.

3. PARENTS' CONTRIBUTIONS:

Since the beginning of the decade there have been substantial increases in parents' contributions. In FY82, the contributions averaged \$913 for VSAC grant recipients increasing to \$2,796 in FY89, a growth of 206%.

4. STUDENT INDEBTEDNESS:

Average indebtedness for all VSAC grant recipients (attending private and public institutions and receiving Bachelor's Degrees) averaged over \$8,800 in 1988. There is growing concern about reliance upon loans (federal guaranteed, bank, and family loans).

5. TUITION & FEES:

From FY82 to FY89 Tuition and Fees increased 78% at the University of Vermont, 80% at the Vermont State Colleges and 77% at Independent Vermont Institutions.

6. CHANGING CHARACTERISTICS OF THE VERMONT HIGHER EDUCATION STUDENT BODY:

Between 1979 and 1988, the total headcount for Vermonters attending in-state higher education institutions increased by 4,182. Almost 84% of this growth is attributable to part-time students (3,506) who are generally self-supporting, independent students.

7. AVAILABILITY:

Residents of Vermont should not be denied access to higher education because of lack of funds, lack of information, lack of remedial programs or unavailability of higher education programs in Vermont. Also, the availability of a postsecondary education should be promoted through extensive use of early financial and educational planning programs for parents and students.

8. DEMOGRAPHICS:

From 1979 to 1986 there were declines in the number of high school graduates in Vermont (-14%), in the Northeast (-20%), and in the total United States (-15%). In Vermont we know that the number of high school graduates dropped from a high of almost 8,100 to a low of approximately 6,900.

After these decreases there was a 2 to 3 year levelling off period with some states even experiencing some minor increases in the number of high school graduates.

As of Fall 1988 we enter into the second phase of the high school graduates decline. Vermont high school graduates should reach its low point around 1991 or 1992, with a 10% to 15% decline. This is similar to the expectations for the total U.S.

The Northeast -- a major recruiting area for most, if not all, Vermont postsecondary institutions -- is expected to see a 15% to 20% decline in the number of high school graduates at its lowest point, sometime around 1993 or 1994.

9. CONTINUATION RATES:

Because many postsecondary institutions have been able to maintain -- and in some cases increase -- their enrollments over the past 8 years, some individuals believe that the decline in the number of high school graduates did not occur or was greatly overstated.

The decline in high school graduate did occur and to the degree that everyone expected. Those projections had to be fairly accurate since the high school graduates numbers were based upon students already enrolled in the elementary and secondary schools

9. Continued

One of the most important factors that helped to offset the decline in high school graduates was the 8% to 12% increase in the number of high school graduates continuing their education at a postsecondary institution, both Vermont and nationally.

The major concern for the next 5 to 10 years is will the continuation rate remain at current levels? Continue to increase? Decline?