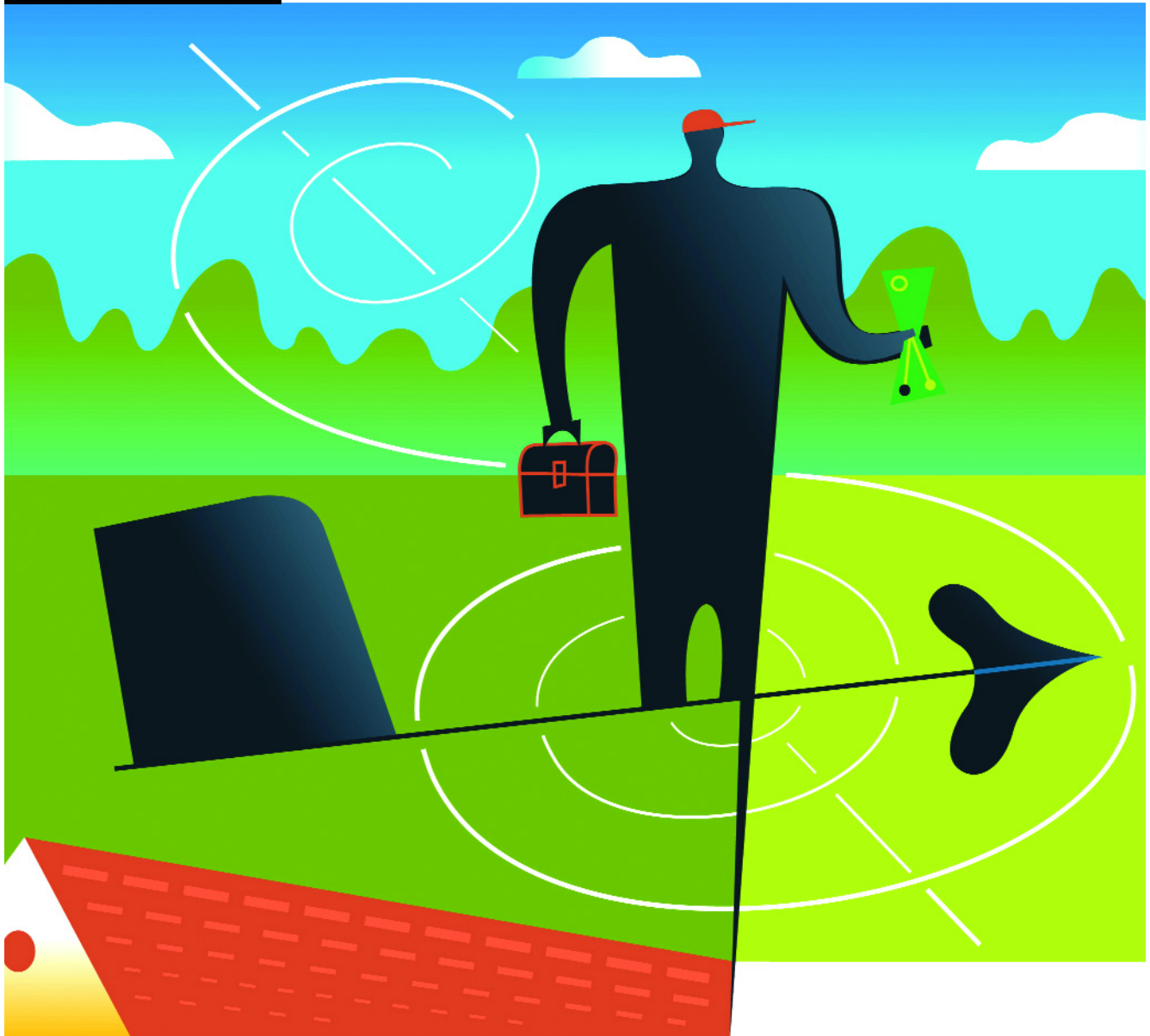


ANNUAL
REPORT

2007 — New directions



VSAC'S MISSION IS TO ENSURE THAT ALL VERMONTERS HAVE THE NECESSARY
FINANCIAL AND INFORMATION RESOURCES TO PURSUE THEIR EDUCATION GOALS
BEYOND HIGH SCHOOL.

As a public, nonprofit corporation created by the Vermont General Assembly in 1965, VSAC has always focused on helping Vermonters achieve the dream of education beyond high school.

How we fulfill our mission has expanded over the years to include a wide array of services in college and career planning, education financing, loan servicing and debt management, and related activities.

From VSAC's Board Chair and President

Enhancing career planning services and improving college access and affordability continued to be top priorities for VSAC during fiscal year 2007. Among many activities that advanced those goals:

- Federal TRiO grants that help underwrite two of our outreach programs for low-income, first-generation college attendees — *Talent Search* for students in middle and high school and the *Educational Opportunity Center* for adult learners — were renewed in the fall of 2006.
- The Vermont General Assembly approved continued funding for student grants as well as special funding for *Next Generation* scholarships, non-degree grant aid, and assistance for college-bound students in foster care.
- Our popular *College Pathways* conference for high school juniors and their parents — established to educate families about all aspects of college preparation, application, and financing — marked its sixth year by expanding from two to three sites, reaching more families and areas of the state.
- VSAC's career planning initiative took off with a variety of services for students and education professionals. Of note was development of the *Vermont Career Gateway*, a federally funded Web portal for job seekers and others sponsored by VSAC and the Vermont Department of Labor.
- In a similar vein, we continued work on a new college access project funded by the state. *Start Where You Are* aims to influence at-risk teens and families with the message that education does make a difference and that there are opportunities for everyone right here in Vermont.
- The *Vermont Higher Education Investment Plan*, our 529 college savings program, attracted record numbers of new accounts and contributions. Vermont taxpayers contributing during 2007 were the first to benefit from a larger state income tax credit approved the prior year. Legislation establishing permanency of federal tax breaks on 529 plans only added to the program's appeal.

Although the year had many gratifying moments, it also ushered in a number of challenges. In the wake of student loan scandals involving a small number of lenders and postsecondary institutions outside Vermont, loan providers and colleges across the nation began to face increased scrutiny.

Fortunately, VSAC has a positive record serving the loan needs of Vermonters and students attending Vermont institutions. As a state-based nonprofit, we have managed our loan programs with integrity — using as little of our revenues as possible on operational expenses in order to provide our borrowers with some of the most generous savings in the nation.

In addition, we counsel borrowers to minimize their dependence on debt and help them choose the best loan products for their needs. Once they begin repaying their loans, many borrowers thank us for what they view as our unparalleled customer service.

As developments in the student loan industry unfold, we will do our best to ensure that all VSAC services meet our traditionally high standards and that we continue to advocate and innovate in the interest of Vermont students and families.



CHRIS ROBBINS
CHAIR, VSAC BOARD OF DIRECTORS



DONALD R. VICKERS
VSAC PRESIDENT

planning resources



In recent years, VSAC has spent considerable time educating Vermonters about the importance of planning and saving for college. As education debt loads continue to rise, saving for college becomes a critical component in helping to keep education affordable and accessible. At the same time, it's important for Vermont families to have up-to-date information on career trends and education options. Following is a summary of VSAC's career and college planning resources:

Vermont Higher Education Investment Plan

- Vermont's official 529 college savings plan, managed by VSAC in partnership with TIAA-CREF
- Affordable minimum contributions and no annual limits
- Three investment options
- Earnings grow free of state and federal income taxes
- Vermont offers an income tax credit to eligible investors

Value of VHEIP accounts
2007 – \$77.8 million
2000 – \$1.3 million

Resource Center visitors
2007 – 20,900
2001 – 13,632

VSAC Web site visits
2007 – 1,096,713
2002 – 4,609

College Pathways attendees
2007 – 1,023
2002 – 422

Federal TRiO/GEAR UP funding
2007 – \$4.4 million
1997 – \$937,597

Number of employees
2007 – 372
1997 – 217

Career and college planning

- Web tools for career and college exploration
- Vermont Career Gateway Web portal
- Resource center offering walk-in services, public access computers, and a lending library (materials available statewide through interlibrary loan) with more than 6,600 resources
- Workshops for students, adult learners, and education professionals
- Paying for College presentations at 68 Vermont high schools
- Annual College Pathways conference for high school juniors
- VSAC reps at 60 community events statewide

Outreach and college access programs

- GEAR UP, serving 53 schools and 1,782 students in grades 6–12
- Talent Search (TRiO), serving 50 schools and 1,319 students in grades 6–12
- Educational Opportunity Center (TRiO), serving more than 2,278 adult learners
- Start Where You Are college aspiration campaign
- Services for students who are, or have been, in foster care system

financial resources



V SAC has administered state grants and guaranteed education loans since our earliest days. Later on, we added scholarship administration and loan origination and servicing, two areas that have seen major growth in the last decade. Given our array of financing options, we are able to offer Vermonters “one-stop shopping” for college financing, as well as personalized, friendly service.

Grants (state-funded)

- Full-time, part-time, and non-degree
- Summer employment matching funds
- All awards based on financial need

Scholarships (public and private)

- Vermont Honor Scholarship
- More than 125 other scholarship programs
- Vermont Scholarship Fund

Loans (federal and private)

- Federal loans: Stafford for undergrads and graduate students, PLUS for parents and graduate/professional students, and consolidation
- VSAC Advantage, private loan for students
- VSAC Medical and Residency loans
- VSAC Law and Bar loans
- Teacher Apprenticeship Program (TAP)
- Vermont Academy of Science & Technology (VAST)
- Competitive borrower benefits program
- Consistently low default rates

State appropriation
2007 – \$18.5 million
1997 – \$11.7 million

Education grants awarded
2007 – \$18 million
1997 – \$11.3 million

Scholarships awarded
2007 – \$5.6 million
1997 – \$1.2 million

Loans financed (all types)
2007 – \$604 million
1997 – \$114.5 million

“You are phenomenal. Every VSAC counselor I’ve spoken to has been knowledgeable and easy to work with.”

partner resources



In addition to providing students and families with direct service, VSAC collaborates with public schools, colleges, state agencies, and many organizations throughout Vermont to leverage scarce resources and enhance career and education opportunities for Vermonters.

Financial literacy/debt management

- Debt management assistance
- Successful default aversion activities
- Jump\$tart Coalition participation

Services for schools

- School counselor workshops
- Six career fairs, serving 3,612 students and 749 adults
- Career planning conference for K–12 professionals
- School improvement projects/professional development for teachers

Services for colleges

- Financial aid services for eight Vermont institutions
- Support for state colleges' Dual Enrollment Program
- Individual service to more than 800 institutions participating in VSAC loan programs
- Perkins Loan servicing
- "Entrance and exit" loan counseling at 21 Vermont campuses

Agency partnerships

- Career Planning Initiative, in partnership with Vermont School Counselor Association and the Career Planning Task Force
- Learning Works (adult education and literacy)
- Vermont departments of Children & Families, Corrections, Education, and Labor
- Vocational rehabilitation
- Head Start and parent-child centers
- Libraries, municipalities, nonprofits

Loan consolidations
2007 – \$265 million
1997 – \$12.4 million

Loan default rate
2007 (FFY05) – 2.1%
1997 (FFY95) – 4.4%

Private loans financed
2007 – \$54 million
1997 – \$6 million

Borrower benefits
2007 – \$11 million
1997 – \$5.7 million

Loan bonds outstanding
2007 – \$1.99 billion
1997 – \$646 million

other services



In addition to serving Vermonters directly or through collaborations with others, VSAC supports charitable donors, educators, and policy-makers in their quest to motivate more Vermonters to pursue education beyond high school.

Development

- Identifies gaps in scholarship assistance and works with donors to leverage additional scholarship resources for Vermonters.
- Oversees the Vermont Scholarship Fund, a charitable affiliate created by VSAC to accept gifts from individuals and organizations.
- Accepts funds through any of three vehicles: endowed funds, annual funds, and our pooled Great Expectations Scholarship Fund. Donated funds support deserving students regardless of age or college attended.

Research

- Conducts surveys, collects data, and analyzes research. This informs VSAC's work and helps Vermont educators and policy-makers stay abreast of higher education trends.
- Participates in the Vermont Higher Education Council's Data Committee and provides support to the Vermont Department of Education, the Vermont Department for Children & Families, and the Vermont Commission on Higher Education Funding, among others.
- In 2006–07, began work on the Vermont high school class of 2007 in-school survey, which documents that class's college aspiration rate and many other details related to students' decision-making and post-high school plans.

Endowed scholarship funds
2007 – \$3.1 million
2001 – \$46,088

Postsecondary continuation rate
Class of 2005 – 70%
Class of 1996 – 63.1%

“Thank you from the bottom of my heart for the help you have provided during my college career. Without it, I would have missed endless opportunities.”

STATEMENT OF NET ASSETS *(in thousands)***2007****2006****Assets**

Cash and investments	\$ 270,109	\$ 152,208
Education loans receivable (including interest)	1,895,433	1,670,870
Other assets	36,015	35,857
Total assets	<u>\$2,201,557</u>	<u>\$1,858,935</u>

Liabilities

Bonds and notes payable (plus interest)	\$2,020,066	\$1,705,825
Arbitrage earnings rebatable	32,254	23,525
Other liabilities*	10,407	6,737
Total liabilities	<u>\$2,062,727</u>	<u>\$1,736,087</u>

Net Assets

Restricted	\$ 85,581	\$ 69,951
Unrestricted	51,182	50,786
Net investment in property and equipment	2,067	2,111
Total net assets	<u>\$ 138,830</u>	<u>\$ 122,848</u>
Total liabilities and net assets	<u>\$2,201,557</u>	<u>\$1,858,935</u>

STATEMENT OF REVENUES AND EXPENSES *(in thousands)***2007****2006****Revenues**

Interest earned from education loan financing	\$ 147,635	\$ 126,898
Other loan and guarantee program revenues	6,537	5,155
Investment interest	10,381	9,414
Vermont state appropriations	18,457	18,746
Federal grants	4,347	3,841
Scholarship and gift revenue	4,665	4,126
Other revenue	878	1,087
Total operating revenues	<u>\$ 192,900</u>	<u>\$ 169,267</u>

Expenses

Student aid	\$ 22,511	\$ 22,808
Interest rebated to borrowers	6,074	6,561
Interest on debt	74,653	56,371
Other loan financing costs	38,916	35,538
Corporate operating expenses and depreciation	34,764	32,985
Total expenses	<u>\$ 176,918</u>	<u>\$ 154,263</u>

Excess of revenues over expenses	15,982	15,004
Total net assets at the beginning of the year	122,848	107,844
Total net assets at the end of the year	<u>\$ 138,830</u>	<u>\$ 122,848</u>

A complete set of financial statements as audited by an independent public accounting firm is available on VSAC's Web site or by request.

** Includes \$1.66 million in Next Generation scholarship funds appropriated by the state of Vermont in FY 2007 but not disbursed to students until the next academic year (FY 2008).*



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Visit us online at www.vsac.org E-mail us at info@vsac.org

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December 2007

