

# VSAC grants: frequently asked questions

## **What are grants? How do they differ from other forms of financial aid?**

VSAC grants are need-based awards given to eligible students pursuing full-time, part-time, or non-degree study. Unlike loans, grants are not repaid. VSAC grants are funded almost exclusively by the state of Vermont. Every dollar of the state appropriation goes to students; VSAC uses no state funds to administer the program.

## **Who is eligible?**

Any Vermont resident pursuing postsecondary education or training may apply. Various factors are considered in determining eligibility, including household income and assets, cost of school attended, and number of family members in college. VSAC grants are awarded after the federal Pell grant and the family contribution (what the family is expected to pay) have been determined. Although income is just one factor, 80 percent of full-time grant dollars (VSAC and Pell) goes to households with incomes of \$45,000 or less.

## **How much money do grants provide?**

Grants range from \$500 to as much as \$10,800 annually for full-time undergraduate study, while grants for part-time study range from \$250 to \$8,100 depending on the number of credit hours taken. Non-degree grant amounts vary depending on the type of course taken. Exact amounts depend on the factors described above.

## **What part do grants play in Vermont's system of higher education funding?**

Vermont, with its small population and limited financial resources, uses a “high tuition/high aid” model in which public college tuitions are set close to market levels. For those who cannot afford high tuitions, grants provide the resources needed to meet a significant portion of education costs. Currently, 23.5 percent of state funding for higher education goes into grants and 76.5 percent goes to Vermont's public institutions.

## **Can VSAC grants be used at any institution?**

Yes. VSAC grants are awarded to students, not institutions. This policy is based on the principle that students should be able to choose the institution and program that best meets their needs, regardless of location. This feature is called “portability.”

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## **How many grant recipients attend non-Vermont schools?**

In FY08, 4,288 students — about 35 percent of grant recipients, representing 28 percent of Vermont’s grant dollars — chose non-Vermont schools (compared with the 56 percent of recent Vermont high school graduates who elected to study outside the state). Grant recipients, therefore, are more likely to study in Vermont than students who do not need assistance. To put this in perspective, 6.8 percent of total state funding for higher education (exclusive of capital expenditures) assisted Vermonters who studied outside the state. Only 1.9 percent of state funding was used in states that do not border Vermont or do not have a reciprocal grant policy.

## **Why do some Vermont students choose to study outside the state?**

The reasons are similar for grant recipients and non-recipients alike. The convenience of attending a school closer to home, even if it is outside Vermont, is a factor for some students — particularly in southern Vermont, where there are fewer colleges. (The top five non-Vermont institutions attended by grant recipients are located in the border states of New Hampshire and New York. VSAC surveys show an almost identical pattern for the overall population of students leaving the state.) Other students find that their preferred course of study is not available in Vermont, or that an out-of-state program better meets their needs. Still others leave in order to experience a different environment or to attend a highly competitive institution.

## **What about “brain drain? Does portability encourage students to leave Vermont?**

As noted, the tendency to leave the state is more prevalent among the general population than among the grant population. Also, Vermont is a net importer of students, meaning that the number of out-of-state students coming to Vermont schools is greater than the number of Vermont students attending schools in other states.

## **Does portability make it less expensive to study out-of-state than to remain in Vermont?**

No. Under the grant model used by VSAC, the maximum grant available to a resident leaving the state cannot exceed what the student would receive in order to attend a Vermont state college, even though many out-of-state options are more expensive than Vermont’s state schools. In FY08, 92.4 percent of grant recipients attending college outside Vermont enrolled at schools that had higher tuition and fees than Vermont state colleges.

## **Can Vermont afford portability? Given limited state resources, should portability be restricted?**

In addition to giving Vermont students more higher education choices, portability is cost-effective. In FY08, the average full-time grant to a student attending an out-of-state institution was \$1,371 — less than the average in-state grant and considerably less than the cost to subsidize tuition for a resident enrolled at a Vermont public college. Full-time grant recipients who study out-of-state receive substantial aid from their schools (in FY08, it totaled \$49 million, including \$38 million in institutional grants, \$7.2 million in institutional loans, and \$3.8 million in work-study assistance). If all grant recipients were required to study in-state, Vermont colleges would be expected to make up the difference. By enabling Vermont to “export” a portion of its students’ financial need, portability has created higher education opportunities that surpass what the state could afford on its own.

## How do other states handle portability?

Some states offer full portability, some restrict portability to selected states, and others have no portability at all. Of all VSAC grant recipients who study outside Vermont, 75.6 percent attend school in states that border Vermont or allow portability. Vermont's approach is respected nationally because it promotes more options for students and maximizes use of limited state resources.

