

VSAC growth: frequently asked questions

How has VSAC grown and changed over the years?

VSAC has grown considerably since 1965, when it was established by the Legislature to help Vermonters plan and pay for education beyond high school. In 1965, VSAC had a handful of staff managing only two programs. Today, VSAC:

- distributes state grants to needy Vermont residents (nearly \$20.7 million to 11,955 students in FY08)
- publicizes and administers public and private scholarships available to Vermonters (more than \$7.2 million through 3,119 awards in FY08)
- guarantees, finances, and services federal education loans for Vermont residents and those attending Vermont colleges (\$453.5 million, including \$109.7 million in consolidations, originated in FY08; outstanding loans of nearly \$2.08 billion as of FY08)
- administers several private loans, such as the VSAC Advantage loan, the VSAC VAST loan, and the UVM Green Mountain loan (\$47.9 million originated in FY08)
- manages the tax-advantaged Vermont Higher Education Investment Plan (\$92.1 million in assets as of 9/30/08)
- provides services to middle-school, high-school, and adult students, including postsecondary counseling to low-income, first generation students (5,198 students served through federal grants in FY08) and information in individual and group settings (47,263 total contacts in FY08)
- provides additional career, education, and financial aid information to the public and professionals through presentations, publications, a Web site, and the VSAC Resource Center
- conducts educational research

How have these changes affected staffing and volume of work?

VSAC has 366 regular employees. Areas contributing to the growth include:

- departments in Student Services (involved in distributing financial aid, servicing education loans, and managing information technology): from 185 staff members in FY98 to 263 in FY08
- departments in Policy, Research, & Planning (including career and education outreach): from 47 staff members in FY98 to 68 in FY08.

Vermont Student Assistance Corporation

10 East Allen Street,
PO Box 2000
Winooski, VT 05404
Toll-free **800-642-3177**
In the Burlington area **655-9602**

Online at www.vsac.org
E-mail us at info@vsac.org

The volume of work, particularly in loans, manifests itself in the following ways:

- Customer Relations is open until 6 p.m. most weekdays to be available to take calls from more than 102,600 customers who represent more than 180,700 accounts.
- VSAC assists thousands of walk-in customers annually. Walk-in traffic has increased substantially since VSAC opened its resource center in May 2001.

Has VSAC's funding changed as well?

Yes. Changes in revenues reflect the increasing imbalance between grants and loans as a way to pay for college. In FY08, state funding for the grant program, one of VSAC's two original initiatives, represented only 9.3 percent of revenue (\$19.1 million). About 82 percent of revenue (\$168.5 million) came from interest and fees collected on education loans, which are financed through the private bond market. Remaining revenues came from federal grants and miscellaneous sources. Of the \$481.6 million in financial aid administered by VSAC in FY08, \$28 million was in the form of grants and scholarships, while \$453.5 million was in the form of loans.

How has VSAC continued to promote access and affordability in this funding climate?

Given competing demands on tax dollars and the current state of the economy, it appears unlikely that the imbalance between grants and loans will change. However, VSAC continues to advocate for additional sources of gift aid at the federal and state levels, particularly through its work on the Vermont Commission on Higher Education Funding, and is committed to keeping loan costs as low as possible. VSAC has taken the following steps to maximize services and funding to students:

- Revenues from non-state sources are used to administer the state grant program so that every dollar provided by the state is given to students.
- After repaying bondholders, VSAC uses an allowable portion (2 percent) of interest and fees collected on its loans to cover operating costs, and then returns the remainder to borrowers. VSAC has saved borrowers more than \$126 million since 1994.
- VSAC created the Vermont Higher Education Investment Plan (VHEIP) — a qualified tuition program under Section 529 of the Internal Revenue Code — to help more families save for college and reduce dependence on loans. This program, which provides significant state and federal tax benefits, is offered by VSAC at no cost to the state.
- VSAC is working to attract additional federal and private funds to enhance counseling services and provide additional scholarship support for disadvantaged students.

In what other ways has VSAC provided value to its customers?

VSAC prides itself on providing the best customer service available. VSAC staff members devote the time necessary — in person or on the phone — to answer any question, present all available financing options, counsel borrowers to manage debt responsibly, and assist those who run into difficulty. The success of VSAC's approach is evident in the solid reputation it enjoys in the financial community, the many words of praise it receives from satisfied customers, and its ability to help many borrowers avoid difficulty.

- As part of its effort to encourage responsible borrowing, and to help schools fulfill federal requirements, VSAC provides on-site exit loan counseling for students attending 22 Vermont colleges. VSAC has served nearly 33,000 students through this effort since 1995.

- VSAC's loan default rate has consistently been among the lowest in the nation, in part because of its success in default aversion and loan rehabilitation activities. For federal fiscal year 2006, the most recent year for which data are available, VSAC's rate was 2.2 percent, compared to a national rate of 5.2 percent.

Why has VSAC built a new home office?

For 20 years, VSAC leased office space in Winooski's Champlain Mill at a fixed rate. In 2000, VSAC began to outgrow available space in the mill and had to move a portion of its staff to another facility in Essex. Facing continued growth, the expiration of the Champlain Mill lease, and a desire to reunite staff, VSAC started looking to buy or build a new home office. The city of Winooski, concerned that it not lose its largest employer, asked VSAC to remain in the city and become part of a major redevelopment of the downtown. After analyzing its options, VSAC concluded that it would be less expensive to build than to rent, and committed to participation in the Winooski project. VSAC staff moved into the agency's new building in December 2005.