

Going direct and bridging the gaps



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



A message from VSAC's board chair and president

FY13 was an eventful year for VSAC. We successfully refinanced our bonds, became a direct loan servicer, and welcomed Scott Giles as VSAC's new president and CEO.

We have worked hard to realign the organization and adapt our business model, and we are creating innovative ways to help Vermonters achieve their education and training goals. Our staff has been dedicated and unwavering in their commitment to our mission; we could not have moved forward without their efforts. We have seen good success as a servicer of the federal direct loans, including high customer satisfaction scores and success with helping federal borrowers better manage their education debt. In addition, our Vermont Advantage loan is among the most competitive in the country — for many borrowers, offering lower rates than the federal government.

As VSAC looks to celebrate 50 years in 2015, we are focused on a renewed and reinvigorated commitment to our mission of helping Vermonters pursue their education and training goals beyond high school. Vermont enjoys one of the highest high school graduation rates in the country, but still too many Vermont students fail to pursue the education or workforce training after high school necessary to succeed. And there is no question: in this new economy, all Vermont students need to acquire education or training after high school in order to be financially successful.



New VSAC president
& CEO Scott Giles

Even in the face of the recent recession, college graduates' incomes are on the rise. In contrast, real incomes are declining for those with only a high school education. In addition, the state needs an educated workforce in order to remain competitive in a global economy and to provide Vermonters with a strong quality of life.

VSAC is unique among state-based agencies of its kind in that it provides, under one roof, a full range of services aimed at helping residents save for education, explore careers, and plan and pay for education or training beyond high school.

- We are able to help shape the future enrollment of Vermont institutions by addressing the disparities in the “aspiration gap” around the state.
- We understand that students and their families are focused on the rising costs of postsecondary education and training. VSAC is uniquely positioned to help Vermonters navigate the complexity of education choices and how to finance those plans.
- We have a rich history of providing grants, loans, scholarships, and career and education planning for Vermonters and their families, particularly those who are low income or the first in their families to continue on to postsecondary education.
- We have a strong and long record of helping students and families from all walks of life manage their education debt in a way that permits them to achieve their life goals. In fact, we are often asked to help borrowers understand debt they took out from the federal government and other lenders.

As steadfast advocates for Vermont students and families, VSAC is evolving and adapting for a new era that reflects the recent and vast changes needed for education and training after high school. We are changing lives during challenging times. Look for us to tackle widening aspiration and gender gaps with our innovative, common focus and individualized approach.

We look forward to the conversations ahead.

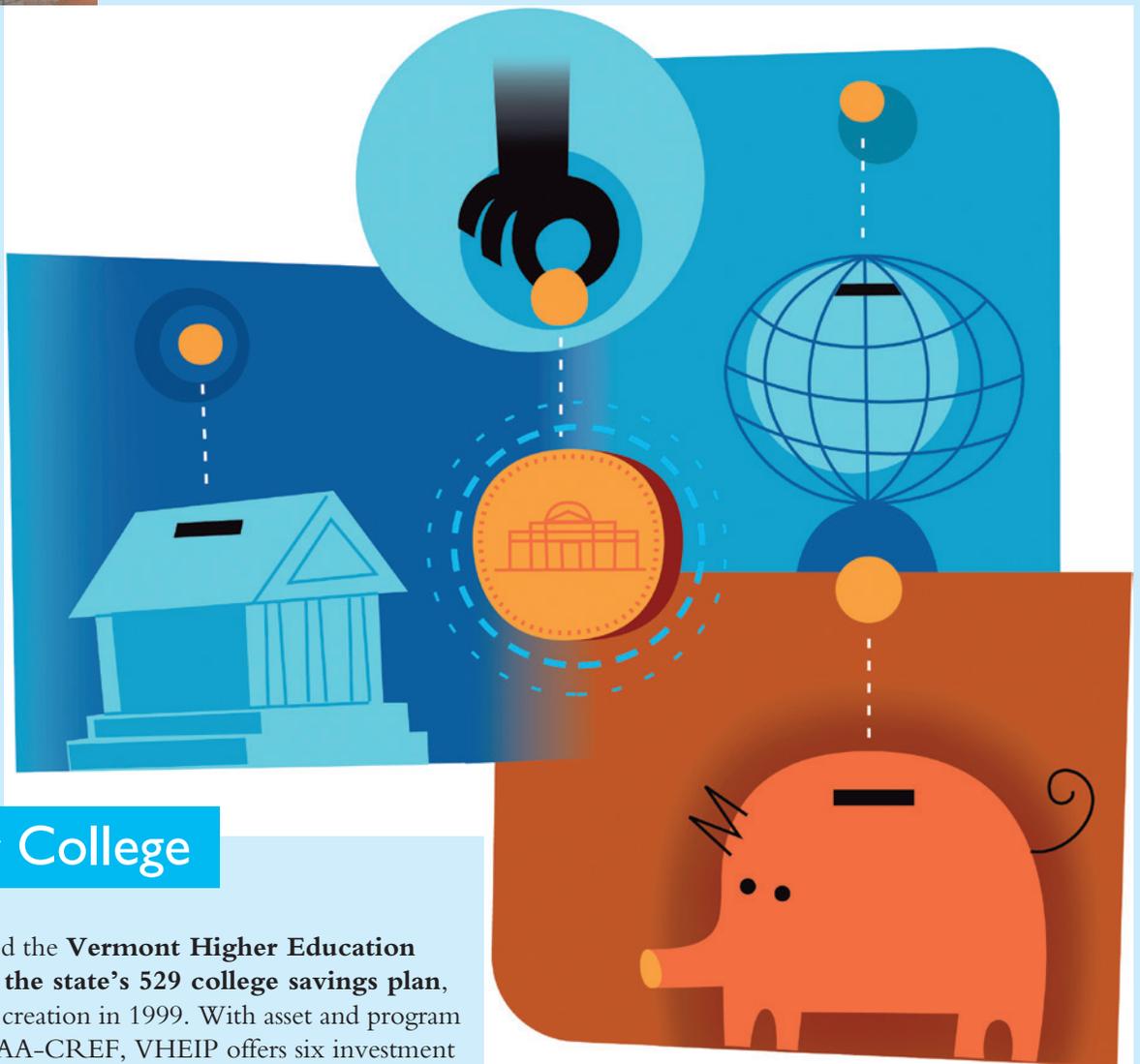
Dorothy Mitchell
VSAC Board Chair

Scott A. Giles
VSAC President & CEO



Vermont Student Assistance Corporation (VSAC) is a public, nonprofit corporation created by the Vermont Legislature in 1965 as an instrumentality and agency of the state of Vermont to help Vermonters plan and pay for education or training beyond high school.

VSAC administers Vermont's 529 college savings plan; outreach services to encourage low-income students to aspire to college; college and career planning services for all Vermonters; need-based state grants for full-time, part-time, and non-degree study; dozens of public and private scholarship programs; and Vermont Advantage loans.



Saving for College

VSAC has sponsored the **Vermont Higher Education Investment Plan, the state's 529 college savings plan**, since the program's creation in 1999. With asset and program management by TIAA-CREF, VHEIP offers six investment choices and state and federal tax benefits.

As of June 30, 2013, VHEIP had assets of \$202 million in 13,029 accounts.



Career & College Planning



Start Where You Are

VSAC's **Start Where You Are college access program** offers resources for teens and for professionals who work with students on career planning. Key elements are two award-winning interactive websites: startwhereyouarevt.org for teens and startwhereyouarevtpro.org for professionals.

The program also has its own Facebook page and app to help students define their goals for life after high school, track their progress, and get tips, reminders, and notifications of important dates; and a roving “opportunisto” who gives motivational talks at schools and teen centers statewide.

Presentations & Events

VSAC offers high school students and their families a continuum of events to assist with planning and paying for college:

- **College Pathways** is a free day of sessions for high school sophomores, juniors, and parents. To reach as many Vermonters as possible, and to give participants a taste of the campus experience, the event is hosted three times at colleges in different parts of the state. **In FY13, this event served 1,236 attendees.**
- VSAC hosts **Paying for College presentations** every fall so that families can learn about the types of financial aid available, how to apply, and ways that they can supplement aid to cover college expenses. **In FY13, VSAC hosted events at 69 high schools for 2,718 attendees.**
- In January every year, VSAC returns to high schools to assist families with completing financial aid forms. **In FY13, VSAC held dozens of forms nights with 1,014 participants.**



VSAC also sponsors events and training for educators and financial aid professionals:

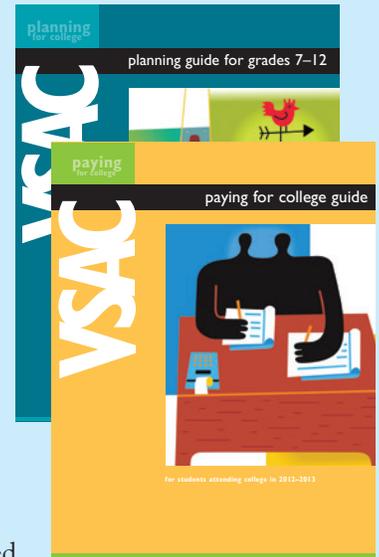
- **In FY13, more than 230 educators attended VSAC's annual career planning conference**, which focuses on career development trends, successful Vermont programs, and best practices in creating a career and college-going culture. Funded by our GEAR UP grant, the conference is held in collaboration with Vermont's Department of Education and Division of Vocational Rehabilitation.
- VSAC also offered its **annual financial aid training, drawing 101 attendees**. These sessions help school personnel and VSAC counselors understand changes and trends in financial aid policy so that they can better assist students and families with accessing available aid.

Facing page: Governor Shumlin with SWYA “opportunisto” Liam Danaher (third from right) and other VSAC career planning counselors at a College Pathways event

Outreach Services

In FY13, all three of VSAC's federal outreach grants successfully met each grant objective. These grant funds, augmented by VSAC's own resources, provide counseling and other assistance to students who are the first in their families to attend college and/or are from low-income households:

- **Talent Search**, dating to 1969, is VSAC's longest-running outreach grant. **It served 1,045 middle school and high school students in FY13.**
- **GEAR UP**, VSAC's biggest outreach grant, also serves middle school and high school students. In addition, it supports activities and programs offered by schools and organizations that partner with VSAC to serve students. **In FY13, VSAC used this grant to assist 2,534 students directly and more than 5,000 students through partnership activities** with the Vermont State Colleges system, Vermont Agency of Education, University of Vermont, Navicate, Inc., Vermont Principals Association, the DREAM program, and the Vermont Center for Afterschool Excellence.
- **Educational Opportunity Center**, a program assisting adult learners, **served 1,817 adults in FY13.**



All Vermont students benefit in some fashion from services VSAC provides with the help of its federal grants and supplemental resources. Overall in FY13, VSAC provided workshops or individual assistance resulting in **14,655 interactions with middle school students and 33,901 interactions with high school students**, as well as **2,868 career and education planning interactions with adults** in individual or group settings.

VSAC's GUIDE program (Giving Undergraduates Important Direction in their Education) helps first-year students adjust to college life in the hope that they will stay in school and complete their programs. By focusing on retention, GUIDE builds on the college aspiration and continuation work VSAC does prior to students' enrollment. Funded through the GEAR UP grant, GUIDE uses social media and provides funding for peer mentoring and tutoring on Vermont college campuses. The GUIDE program successfully established FERPA agreements with the Vermont State Colleges and UVM to share student-level data to promote student retention and collaboration with student support services offices.



College Financing

Vermont Grants

VSAC provided Vermonters with 13,620 need-based state grants worth \$19.6 million:

- 9,086 awards, totaling \$15.7 million, for students enrolled full time
- 3,226 awards, totaling \$1.6 million, for students enrolled part time
- 1,308 awards, totaling \$2.3 million, for students pursuing non-degree courses

VSAC also administered \$344,558 in renewable Next Generation scholarships, which are designed to supplement grant aid for students with the greatest financial need over the length of their degree program.

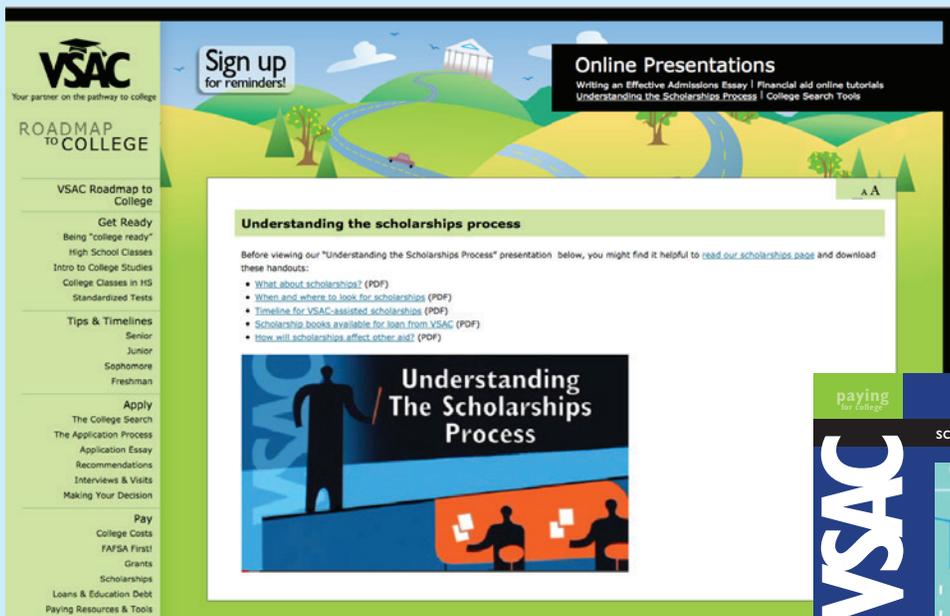
Public & Private Scholarships

VSAC administered or assisted with more than 160 scholarships funded by public or private sources, **disbursing 2,156 awards worth nearly \$5 million** for students attending school during the 2012–2013 academic year. In its third year offering an online option, VSAC received 96 percent of Unified Scholarship Applications electronically for the 2013–14 academic year.

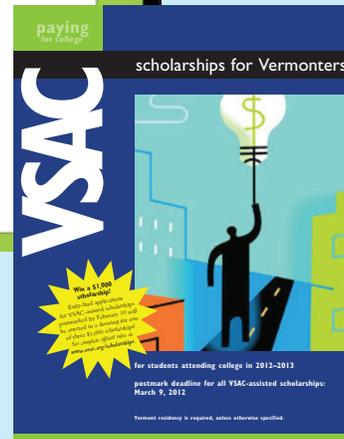
**VSAC's Pink Ribbon Paddlers
in the Lake Champlain
Dragon Boat Festival**



Joanne deLaBruere



Left: VSAC scholarships website featuring online presentations; below: VSAC scholarships guide



In addition, VSAC enhanced online features to include the ability to upload required attachments, such as essays, recommendation letters and transcripts, as well as supplemental information of a personal nature.

Five new scholarships became available to students in FY13:

- **VSAC Board of Directors Scholarship (Chris Robbins):** Established to honor the contributions that Chris Robbins made as a VSAC board member during his tenure from 1991 through 2010.
- **Ted Bridges Hospitality Scholarship:** Established in honor of Ted Bridges, a consistent and active contributor to the success of Vermont’s tourism and hospitality businesses for more than four decades, and to provide financial assistance for students pursuing education and careers in hospitality and tourism.
- **High-Low Farm Orleans County 4-H Scholarship:** Established to provide financial support to students from Orleans County who were active in 4-H in their youth.
- **Jay Kaplan Memorial Scholarship:** Established to honor Jay Kaplan, a respected high school biology teacher and a long-time, dedicated member of the state of Vermont Teachers Retirement Board of Trustees.
- **Helen K. and Robert T. Stafford Scholarship:** Created to honor the entire Stafford family by providing financial support to a student who demonstrates strong financial need and a commitment to a career in environmental studies or special education, and who shows deep compassion and enthusiasm for making the world a better place.

Federal & Education Loans

VSAC continued to service federal student and parent loans made prior to 2010, when the government switched to a system of direct lending, and also financed and serviced education loans for students. **VSAC's portfolio of federal and education loans, representing 72,899 borrowers, stood at \$1.1 billion at the close of FY13.**

Borrowers with federal loans financed by VSAC saved \$5.6 million in FY12 through discounts and rebates on their loans. **The cumulative value of VSAC's discounts and rebates stands at \$160 million** since FY95.

VSAC provided \$19.7 million in fixed-rate education student loans through a tiered fee and interest rate structure that depended on the cosigner's credit rating and student's choice of payment plan. As the fiscal year drew to a close, VSAC prepared to issue \$20.6 million in new bonds to fund education loans for the 2013–14 academic year.

VSAC has maintained its ranking within the top 10 guarantor agencies within the country with a cohort default rate of 4.5 percent for federal fiscal year 2011, the most recent year for which data are available. Overall collections on defaulted loans totaled more than \$25 million. Revenues generated through collection efforts contribute to VSAC's ability to provide mission-critical services.

Senator Patrick Leahy and wife Marcelle Leahy with VSAC GEAR UP and GUIDE student Simon Iradukunda



Leahy staff photo

“The Vermont Student Assistance Corporation has a long record of providing exceptional services and programs to Vermont students, families, and colleges.

“Senator Sanders, Representative Welch and I worked hard with VSAC and the Obama Administration to ensure that nonprofit servicers like VSAC could continue to provide the quality services that Vermonters and students across the country have counted on.” — Pat Leahy, U.S. Senator

Statement of Net Position *(in thousands)*

2013

2012

Assets

Cash & investments	\$ 100,314	\$ 333,862
Education loans receivable (plus interest)	1,437,985	1,655,388
Other assets	19,072	20,500
Total assets	<u>\$1,557,371</u>	<u>\$2,009,750</u>

Liabilities

Bonds & notes payable (plus interest)	\$1,322,867	1,820,946
U.S. Treasury rebates payable	1,200	22,663
Other liabilities	10,794	11,194
Total liabilities	<u>1,334,861</u>	<u>1,854,803</u>

Deferred inflows of resources

Deferred gains on early refunding of bonds payable	58,604	-
Total liabilities & deferred inflows of resources	<u>1,393,465</u>	<u>1,854,803</u>

Net Position

Restricted	33,850	113,884
Unrestricted	113,225	40,386
Net investment in capital assets	16,831	677
Total net position	<u>163,906</u>	<u>154,947</u>
Total liabilities, deferred inflows of resources & net position	<u>\$1,557,371</u>	<u>\$2,009,750</u>

Statements of Revenues, Expenses & Changes in Net Position

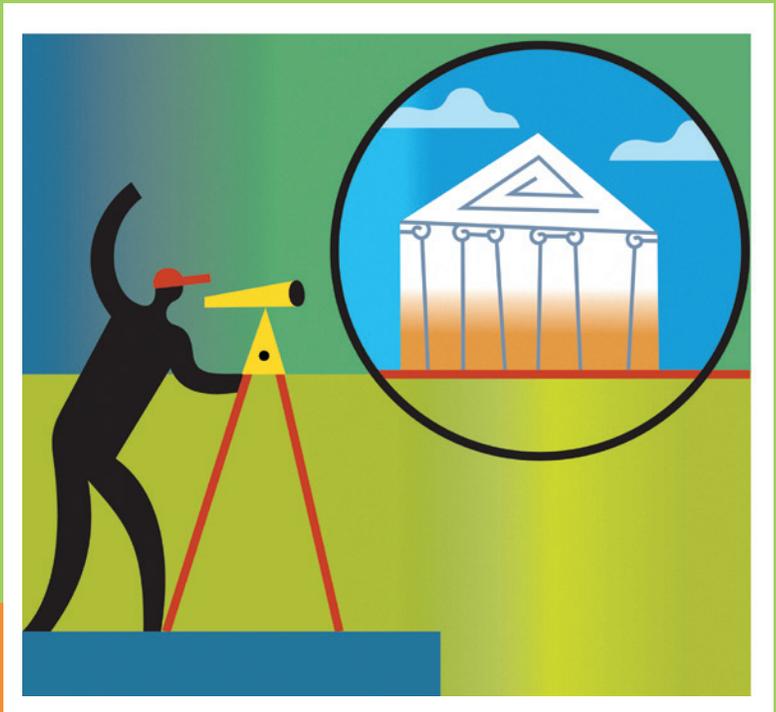
Operating revenues

Interest earned from education loan financing	\$ 56,273	\$ 67,300
Other loan & guarantee program revenues	6,209	6,941
Investment interest	376	458
Vermont state appropriations	19,444	19,623
Federal grants	5,955	6,378
Scholarship & gift revenue	3,621	3,770
Federal loan servicing income	3,050	-
Other income	923	454
Total operating revenues	<u>95,851</u>	<u>104,924</u>

Operating expenses

Grants & scholarships	24,535	26,053
Interest rebated to borrowers	4,727	5,642
Interest on debt, net of amortization	9,953	11,963
Other loan financing costs	37,187	29,730
Corporate operating expenses & depreciation	29,525	27,828
Total operating expenses	<u>105,927</u>	<u>101,216</u>
Change in net position from operations	(10,076)	3,708
Gains on early bond extinguishments	19,035	4,881
Change in net position	8,959	8,589
Net position, beginning of year	<u>154,947</u>	<u>146,358</u>
Net position, end of the year	<u>\$ 163,906</u>	<u>\$ 154,947</u>

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



2014 VSAC Executive Committee

Scott Giles, *President & CEO*

Mike Stuart, *Vice President & Chief Financial Officer*

Tom Little, *Vice President & General Counsel*

Marilyn Cargill, *Vice President of Financial Aid Services and Research*

Patrick Leduc, *CIO & Vice President of Career and Education Outreach*

2014 VSAC Staff Directors

Wanda Arce, *Research*

Joe Gallagher, *Claims & Collections*

Bruce Hicken, *Finance/Controller*

Jaye O'Connell, *Compliance*

Laurie M. Oliver, *Internal Audit & Risk Management*

Sabina Haskell, *Public Affairs*

Linda Shiller, *Career & Education Outreach*

Deborah Unica, *Social Marketing & VHEIP*

2014 VSAC Board of Directors

Dorothy R. Mitchell, *Chair*

Rep. Martha P. Heath, *Vice Chair*

David Larsen, *Secretary*

Pamela A. Chisholm

David R. Coates

Virginia Cole-Levesque

Sen. Ann E. Cummings

Katharine B. Hutchinson

G. Dennis O'Brien

Elizabeth "Beth" Pearce, *State Treasurer*

Michael K. Smith



Vermont Student Assistance Corporation

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Toll-free **800-642-3177** In the Burlington area **655-9602**

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

Find us on Facebook at www.facebook.com/VermontStudentAssistanceCorporation

VSAC does not discriminate in employment or the provision of services on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, ancestry, place of birth, age, veteran or military status, genetic information, disability, or any other legally protected status. Please contact VSAC at 800-642-3177 or 655-9602 in the Burlington area (TDD for hearing impaired, 800-281-3341 or 654-3766) if auxiliary aids or services are needed for application or participation in VSAC services.

JUNE 30, 2013