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FOR IMMEDIATE RELEASE

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Gov. Shumlin Makes Pitch for Child Savings Accounts

BURLINGTON – Gov. Peter Shumlin stood with business, community, and education leaders today to make the case for state funding of a college savings account for every child born in Vermont. In his State of the State Address, the Governor proposed funding Child Savings Accounts (CSAs) by increasing Vermont's mutual fund registration fee – which is currently the lowest in New England.

“The Legislature did great work last year in passing a bill to make Child Savings Accounts possible, and I was proud to sign that into law,” Gov. Shumlin said. “That was the easy part. Now we need to fund it. Philanthropic funding alone will not make this program a reality – the state needs to be a partner. The funding source I have proposed simply brings the fee we charge Wall Street mutual funds to the level of the states around us. That’s a common sense thing to do in order to fund a savings account for every child born in this state, a move that has been shown to increase college graduation rates.”

Vermont's CSA program would establish a higher education savings account for every child born or adopted in Vermont. Each child will receive \$250 at birth and low-income children will receive an additional \$250, for a total of \$500. Even this modest amount can greatly increase rates of college enrollment and graduation. [Research shows](#) that a savings account of just a few hundred dollars can increase by three times the likelihood that a low-income student will enroll in college and by four times the likelihood that they will graduate.

The need for more college graduates comes at a time when Vermont employers are creating jobs but having trouble finding enough qualified workers to fill them. The Vermont Department of Labor projects that by the year 2022, Vermont will have nearly 10,000 new job openings – due to both growth and replacing retired workers – that require at least a postsecondary certificate. According to the U.S. Census, only 45.5 percent of Vermont adults currently have a post-secondary degree.

A higher education is also key to earning a livable wage. In 2013, U.S. adults aged 25-32 with only a high school diploma earned \$28,000 annually, 11 percent less in constant dollars than they did in 1965. In contrast, adults aged 25 to 32 with a baccalaureate degree earned \$45,500 annually, 17 percent more than they did in 1965.

The CSA program would cost approximately \$2.25 million per year. To pay for it, the Governor has been soliciting private philanthropic donations. [In July](#), the Governor accepted \$25,000 donation from President and CEO of Subaru of New England Ernie Boch Jr.

In his State of the State Address, the Governor called for the state become a funding partner by raising a registration fee Vermont charges to mutual funds selling products in the state. The current fee of \$600 is the lowest in New England. The Governor is proposing to bring it up to par with other New England states by raising the fee to \$1200, which will still be half of the \$2500 Massachusetts charges. That would raise an estimated \$13 million per year.

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