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To: Coriell, Scott
Subject: Gov. Shumlin Accepts \$25,000 Donation from Subaru of New England for Child Savings Accounts

FOR IMMEDIATE RELEASE

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Gov. Shumlin Accepts \$25,000 Donation from Subaru of New England for Child Savings Accounts

BURLINGTON – A new law that aims to give kids a jump start on saving for college by opening a savings account for every child born in Vermont got a boost today when Gov. Peter Shumlin accepted the first donation – \$25,000 from President and CEO of Subaru of New England Ernie Boch Jr. – to help fund the program and make it a reality.

“I want to express heartfelt gratitude to Subaru of New England and Ernie Boch Jr. for this generous donation to Vermont’s future,” Gov. Shumlin said. “Even a small amount of money deposited when a child is born can greatly increase the likelihood of that child entering and graduating college. These funds will help ensure a brighter future for children born in Vermont.”

“On behalf of Subaru New England, I am proud that the money donated today to the Vermont Universal Children’s Higher Education Savings Account Program will make a difference in the future of the next generation. I am pleased to be a part of this new bill and very excited to know that more Vermont youngsters will have the opportunity to a higher education. This Savings Account program serves a vital need for Vermont families,” stated Ernie Boch Jr, President and CEO of Subaru of New England.

In March, Gov. Shumlin stood with House Speaker Shap Smith and Rep. Jill Krowinski to urge passage of her bill, H.448, to create child savings accounts in Vermont, which according to the Center for Enterprise Development can increase by more than three times the likelihood that a child will go to college, boost expectations of college entry among children and parents, and increase high school GPAs. The idea of child savings accounts has been promoted by the Agency of Human Services, specifically by Sarah Phillips and Paul Dragon in the Office of Economic Opportunity. The legislature passed H.448 in May and the Governor signed it into law in June.

"Universal savings accounts for college is one strategy we can use to knock down barriers to higher education and help end generation poverty, by starting on day one," said Rep. Krowinski. "This program is a triple win because it will help more low to moderate income children to go college, it'll raise the financial literacy of those children and families, and we'll have more qualified workers to meet workforce demands."

“Kids need every opportunity to be successful. This program gives all Vermont kids tools to achieve the American Dream - an education that leads to a better life,” said House Speaker Shap Smith.

The Vermont Universal Children’s Higher Education Savings Account Program is modeled after a recently established program in Maine. The Vermont program envisions opening a \$250 savings account for every child born in the state, with children in low income families receiving \$500, but the legislation does allow for lower allotments to start with. The specific amount of the savings accounts will be determined by an 11-member committee made up of Administration, legislative, philanthropic, business, low-income, and other representatives.

About 6,000 children are born in Vermont every year, with roughly 40 percent born into low income families. At \$100 for children born into low income families and \$50 for those not, the program would cost roughly \$500,000 per year. At the \$250/\$500 levels, the program would cost roughly \$3 million per year. The 11-member committee will begin meeting this fall to make determinations about funding levels and begin identifying and soliciting additional funding.

The program will be administered through the Vermont Student Assistance Corporation (VSAC). Just as in the recently-established program in Maine, the Vermont program will be funded through private donations, like the one made today by Subaru of New England, and will not rely on state funding.

Vermont kids will be able to withdraw funds once they turn 18 or enroll full-time in post-secondary education, including a college, university, vocational school, or any two or four-year degree program from an accredited educational institution. The money can only be used for qualifying post-secondary education expenses, including tuition, mandatory fees, books, supplies, or other necessary costs of attending school.

“VSAC is committed to making higher education a reality for more Vermonters, especially for low-income and first-generation students,” said Scott Giles, VSAC president and CEO. “For the last 50 years, VSAC has focused on our students and the training and schooling they need to succeed right here in Vermont. That’s why Act 45 establishing a universal child savings account program is so important. It offers the opportunity to all Vermonters – regardless of economic status – to have an account for their child and to be able to contribute to it as time goes on.”

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