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For more information or interview, contact: Jeb Spaulding at 802-828-1452

College Aid Fund to Receive Unexpected Boost

Vermont's Higher Education Trust Fund, which provides funding to Vermonters attending in-state colleges, will receive a significant addition due to higher than expected estate tax revenues in Fiscal year 2005, according to State Treasurer Jeb Spaulding.

When the Fund was established by the Legislature in 2000, legislators provided that in fiscal years when the State finished with a surplus and estate tax revenues exceeded projections by more than 25%, those additional revenues would be added to the Higher Education Trust Fund. This provision will result in approximately \$2.4 million being added to the existing \$8.8 million in the trust fund this year.

The University of Vermont and the Vermont State Colleges use the funds to provide non-loan financial aid to Vermont students attending their institutions. The Vermont Student Assistance Corporation uses the funds to provide non-loan financial aid to Vermont students attending any Vermont postsecondary institution.

"As a former chair of the Senate Appropriations Committee that worked to create the Higher Education Trust Fund, I am excited to see an addition to the trust fund of about 25 percent. At a time when Vermont families are struggling to pay for college and postsecondary education costs, this will provide an opportunity to assist more students in reaching their educational goals," Treasurer Spaulding explained.

The Treasurer's Office is charged with the responsibility of investing the principal of the Fund, which came from an initial appropriation by the Legislature of \$6 million and subsequent transfers of \$1,635,881 during the fiscal years 2001 and 2002. The Fund has relied on investment returns since then. While returns have exceeded benchmarks, additional resources are needed to grow the fund and expand financial aid opportunities.

Since 2000, the Fund has provided financial aid totaling over \$2,241,000, most of which is used for direct aid to students. A portion, roughly \$475,000, is combined with matching private funds raised by UVM and the state colleges to create or increase permanent endowment funds. The current round of aid of approximately \$580,000 will be issued in August. The addition of more than \$2 million in principal will permit even greater financial aid beginning in 2006, Spaulding said.

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