

DISCUSSION/ACTION
July 27, 2018

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #19-04

2019-2021 BIENNIAL BUDGET ISSUES

TECHNICAL COLLEGE SYSTEM



Dr. Morna K. Foy, President

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July 16, 2018

Steve Midthun, Chair
John Reinemann, Executive Secretary
Higher Educational Aids Board
131 W. Wilson Street, PO Box 7885
Madison, WI 53707-7885

Dear Board Chair Midthun and Executive Secretary Reinemann:

On behalf of the Wisconsin Technical College System (WTCS) Board and students across the state, we request that the Higher Educational Aids Board (HEAB) seek additional grant funding for the WTCS Wisconsin Grant (WG). We urge HEAB to include this request as part of its 2019-21 biennial budget proposal submitted to the Wisconsin Department of Administration.

State funding for the WTCS WG has not met demand for many years. In 2016-17, an estimated 23,145 students would have received funding and enrolled in a WTCS program if additional WG funding had been available.

We know that WTCS graduates are quickly employed (94% within six months of graduation) and remain in Wisconsin (94%) to live and work. This means investments in the WTCS WG are quickly recouped as students earn wages, spend their earnings and pay taxes in Wisconsin. Wisconsin employers also benefit from the skilled workers who earn WTCS credentials.

The WTCS Board realizes that HEAB, like all state agencies, will likely seek to exercise restraint in its 2019-21 biennial budget request. At the same time, we cannot ignore the financial needs of our students and the important role of WTCS graduates in improving the state's long-term economic health.

Therefore, to address the immediate need for additional student financial aid resources, the WTCS Board respectfully asks that the HEAB 2019-21 budget request include the following:

- Increase the WTCS WG appropriation by \$23 million to eliminate the annual waiting list of potential WTCS students determined eligible for a WG but who do not receive one due to a lack of state funding.

Thank you for considering our request and for your commitment to helping WTCS students. We hope this is helpful to your deliberations.

Sincerely,

Dr. Morna K. Foy
President
Wisconsin Technical College System

cc: Bryan Kirschbaum, DOA Budget Analyst



HEAB: WTCS Wisconsin Grants

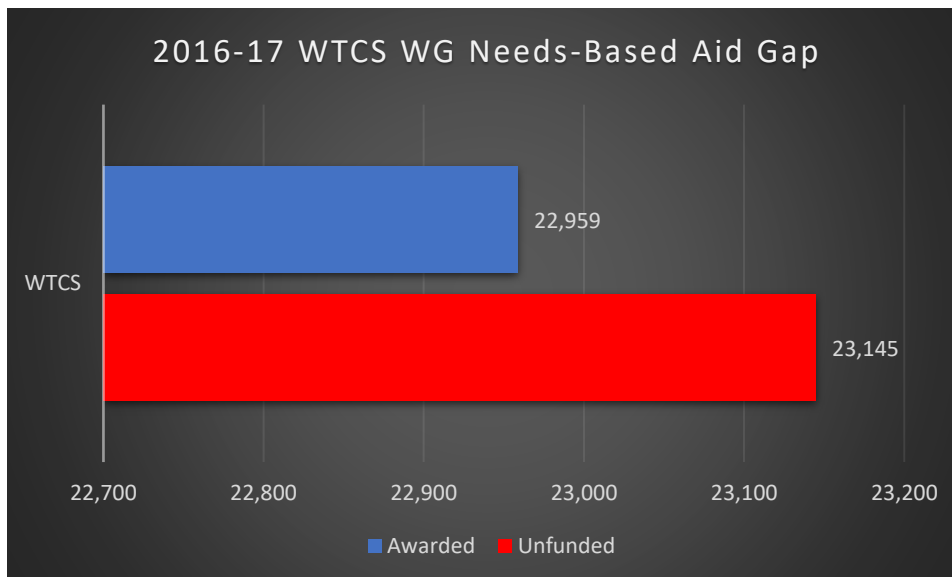
2019-21 Biennial Budget Initiative

Issue: Wisconsin Grant - Technical colleges

State investments in the Wisconsin Technical College System (WTCS) Wisconsin Grants (WG) help students earn credentials that benefit Wisconsin employers who need the highly skilled workers the System colleges produce. However, many Wisconsin residents who apply each year may not have access to a technical college because a significant and persistent gap exists in State funding for the WTCS WG.

Background

As Wisconsin's businesses and economy continue to grow, the State faces an imminent workforce shortage. According to The Wisconsin Department of Workforce Development, the projected annual workforce replacement is 76,026 jobs per year. The WTCS is positioned well to help meet Wisconsin's talent needs by preparing skilled graduates who are ready to enter the workforce. In 2016-17, an estimated 23,145 students would have received funding and enrolled in a WTCS program if additional WG funding had been available.



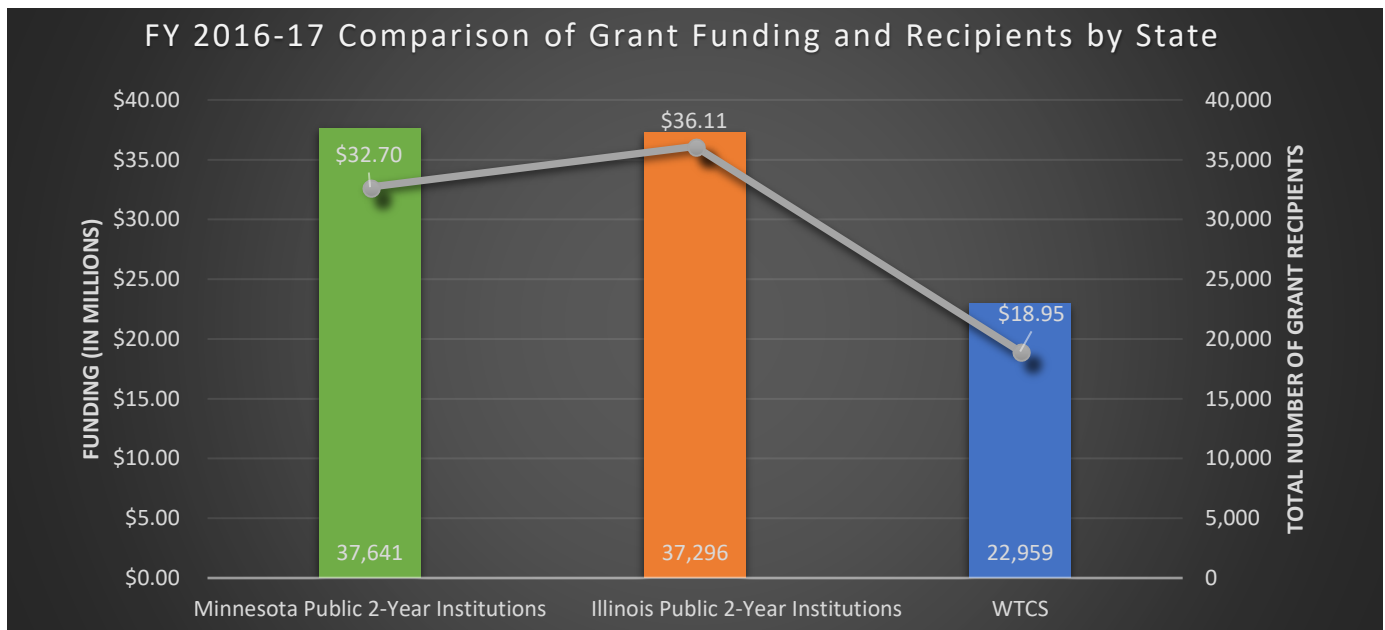
The State investment in WG funding for WTCS students has been inadequate to meet student needs for many years. Increasing the State investment in WTCS WG would help address the significant numbers of potential WTCS students who annually qualify for a WTCS WG but who do not receive one due to the lack of funding. The State will recoup this investment as 94% of WTCS graduates are employed within 6 months of graduation and 94% remain in Wisconsin and contribute to our local and State economies.

Investing in WTCS WG will help reduce the need for students to take out loans to fund their education, reducing student indebtedness and possible loan defaults. Graduates who earned a

WTCS associate degree in 2017 reported a **median salary of almost \$43,000**. Furthermore, graduate survey data trends indicate those who received a WTCS credential show a salary growth increase of 54% five years after graduating. These strong salaries boost Wisconsin's economy as WTCS graduates earn wages, spend their earnings and pay Wisconsin taxes.

Wisconsin employers benefit from WTCS graduate's skills. In a survey of employers conducted by WTCS, 93% of employers indicated they would hire a WTCS graduate again. In addition, 84% of employers said that their local technical college is important or very important to the success of their business. This data indicates that WTCS students are a key investment in the State's economic growth.

Eight out of ten Wisconsin adults will access the Wisconsin Technical Colleges in their lifetime. Providing additional Wisconsin grants to WTCS students would help address Wisconsin's workforce shortage by encouraging more students to enroll and earn a credential. Students who are eligible for, but who do not receive WG, may take fewer credits to spread out their educational costs thus slowing completion of their credential.

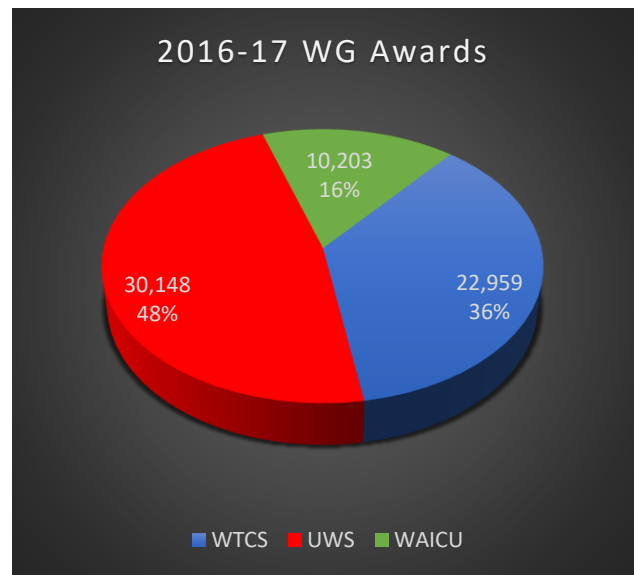
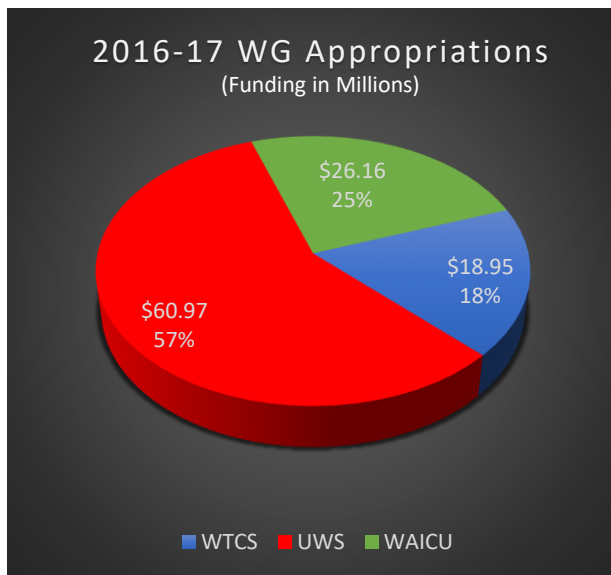


The WTCS WG is the primary source of state-funded needs-based student financial aid, providing \$18.95 million annually in grants to qualifying students attending Wisconsin Technical Colleges. Minnesota, by comparison, invests \$32.7 million in need-based financial aid and Illinois invests \$36.1 million annually in public 2-year need-based financial aid.

A WTCS WG student receives an **average of \$826 per year** which is less than both Minnesota (\$868) and Illinois (\$968) public 2-year institutions. The average grant award depends on the actual financial need of the number of eligible students each year and generally ranges from about \$800 to \$1,000 for WTCS students. Also, the WTCS average grant award is significantly less as compared to University of Wisconsin System (UWS) (\$2,022) and the Wisconsin Association of Independent Colleges & Universities (WAICU) (\$2,546).

WG are funded through separate appropriations for the WTCS, UWS and non-profit private colleges and universities that are members of WAICU. These grants are disbursed by the Higher Educational Aids Board and represent 90.7% of Wisconsin’s State-supported need-based financial aid.

The WTCS share of the State’s investment in WG has consistently been considerably smaller than either the UWS or WAICU shares. The table below shows WG data for 2016-17, the most current year for which complete information is available. The WTCS received only 17.86% of the total funding in contrast, the WTCS awarded 22,959 students which makes up 36.3% of the total 63,310 Wisconsin residents who received grants.



Strong employment outcomes and employer satisfaction with WTCS graduates show the return on investment that results from the WTCS WG. However, potential students may be discouraged from attending because of the shortage of WTCS WG. With the high workforce shortage projection facing Wisconsin, it is imperative the State invest in expanding its talent pool. The WTCS is positioned well and has the speed-to-market design to meet the projected talent shortages facing Wisconsin.

REQUEST:

Increase the 2019-21 WTCS WG appropriation by \$23.1 million in each year of the biennium, which would increase the average award to \$1,000 and fund the projected wait list of students who are eligible, likely to enroll, and would not receive a WG due to a lack of State funding.