

DISCUSSION/ACTION
August 8, 2008

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #09-06

2009-2011 BIENNIAL BUDGET ISSUES

TECHNICAL COLLEGE SYSTEM

REPORT DISTRIBUTED AT MEETING



August 5, 2008

Mary Jo Green, Chair
Connie Hutchison, Executive Secretary
Higher Educational Aids Board
131 W. Wilson Street
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Madison, WI 53707-7885

Dear Board Chair Green and Executive Secretary Hutchison:

On behalf of the Wisconsin Technical College System Board and students across the state, we request that the Higher Educational Aids Board (HEAB) seek additional funding for the WTCS Wisconsin Higher Education Grant (WHEG), the Undergraduate Minority Student Retention grant and the Reimbursement for Tuition Remissions to veterans and their dependents under the Wisconsin GI Bill. We urge HEAB to include requests for increased appropriations for these programs in its 2009-11 biennial budget proposal.

As you know, significant numbers of WTCS students have limited financial resources. In 2006-07, 59,755 WTCS students met federal definitions as economically disadvantaged. Of WTCS students who apply for financial aid, 34.3% are not expected to contribute to their educational costs under federal ability-to-pay calculations. In contrast, only 14.8% of Wisconsin's independent college and university students and 13.5% of UW System students are not expected to contribute to their educational costs under federal ability-to-pay calculations. WTCS students have the greatest unmet financial need when compared to University of Wisconsin and Wisconsin private college students. According to HEAB, WTCS student average unmet financial need by need-based aid in 2006-07 equaled 41.3% of the average cost of education. In contrast, average unmet financial need by need-based aid is 23.1% of the total cost for independent college and university students and 31.7% for UW System students.

State funding for the WTCS WHEG grants has not met demand in several years. WTCS financial aid officers estimate fully awarding 2008-09 WHEG grant funds before the beginning of the academic year. As a result, only limited, if any, WHEG grants will be available for students applying in spring 2009 and some eligible fall applicants are unlikely to receive awards.

The need for student financial aid dollars specifically for minority students is increasing rapidly. Students of color account for 13.7% of WTCS students enrolled in postsecondary programs,

Daniel Clancy, President

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which is slightly higher than the proportion of minorities in the Wisconsin population, and a higher percentage than student-of-color enrollment in the University of Wisconsin (UW) System (9.4% in 2006-07). Minority enrollment in WTCS postsecondary programs increased 21.6% in the last five years and 59.9% over the last 10 years.

Students of color account for 14.6% of WTCS students enrolled in postsecondary programs, a slightly higher percentage than the percentage of minorities in Wisconsin's population as a whole. Historically, WTCS students have received about half of the Minority Undergraduate Retention Grant funding available. The growth in minority enrollments in the WTCS has outpaced minimal increases in the Minority Undergraduate Retention Grant program, which means that the WTCS enrolls many more students that are eligible for the program than can receive funding.

Technical college is the first post-secondary educational choice for many minority students, the percentage of minority students enrolling in a technical college immediately following high school is on the rise and technical colleges transfer a greater share of minority student transfers into the UW System than all other institutions combined. As a result, ensuring minority students' continued access to technical college programs is a key to increasing the skill and academic attainment of Wisconsin's minority population and preparing these individuals to meet the state's workforce challenges.

State law establishes minimum cost recovery rates for WTCS tuition. As a result, non-exempt students must pay higher tuition to maintain these overall cost recovery rates when a specific group of students, such as veterans and their dependents, is exempted from paying all or part of their tuition. In the 2007-05 biennial budget, the Governor provided \$11.6 million to partially reimburse, (approximately 22%), WTCS and UW System institutions for the cost of tuition remissions to veterans and their dependents provided for in the Wisconsin GI Bill. However, budgeted amounts have significantly under-funded the actual cost of the program.

The annual cost of these remission programs has increased far beyond original estimates. Participation doubled from the first to second year of the program and increased by another 50% this year, and the cost of remissions has increased nearly 500% in the three years of the program. Since the tuition remission programs were established, the WTCS has provided tuition remissions to 5,884 veterans or veterans' dependents at a cost of approximately \$7.5 million.

The WTCS supports providing veterans and their dependents with publicly-funded benefits in gratitude for their service and sacrifice on behalf of our state and the colleges have invested significant resources to provide the support and academic services necessary to ensure veterans successfully transition to college and careers. Insuring veterans' continued access to technical college programs is another important key to preparing individuals to meet the state's workforce challenges.

At the same time, the technical colleges face challenging budget and levy decisions and WTCS students already struggle to overcome the largest gap between their demonstrated financial need and available aid than either University of Wisconsin System or Wisconsin private college and university students.

The exact level of future participation is difficult to estimate because of the uncertainty in the number and education plans of veterans and because of the cyclical nature of participation by eligible veterans' dependents as they reach adulthood and enter postsecondary institutions. To ensure that the reimbursement rate remains constant, funding for reimbursement of tuition remissions for veterans and their dependents should be established in a sum sufficient appropriation.

The WTCS Board realizes that HEAB, like all state agencies, is expected to exercise restraint in its 2009-11 biennial budget request. At the same time, we cannot ignore the financial needs of our students and the important role our graduates play in improving the state's long-term economic health. Therefore, to ensure access for all and to recognize the important role of technical college graduates in Wisconsin's economic health, the WTCS Board respectfully asks that the HEAB 2009-11 budget request include:

- **\$14.3 million GPR for Wisconsin Higher Education grants, including an additional \$5.1 million in FY 2009-10 and an additional \$9.2 million in FY 2010-11.** This increase would reduce the unmet financial need of WTCS students and make incremental progress in closing the gap in financial assistance need among Wisconsin's college and university students.
- **\$240,500 in GPR for Minority Undergraduate Retention grants, including an additional \$77,600 in FY 2009-10 and an additional \$162,900 in FY 2010-11.** This increase would help reduce the financial barriers of Wisconsin students of color in accessing education and training that lead to high-skill, high-wage careers. These students are a key to addressing the state's skilled labor shortage.
- **Provide sum sufficient funding for tuition remissions for veterans and their dependents to honor the state's commitment to Wisconsin veterans,** insure that the cost of providing this important benefit is appropriately borne by all Wisconsin citizens, and that veterans and their dependents can readily access high-demand, high-skill technical education that prepares them to meet Wisconsin's workforce needs. Based on prior year participation, the WTCS estimates that an additional **\$10.2 million GPR over the biennium, including an additional \$4.6 million in FY 2009-10 and an additional \$5.6 million in FY 2010-11** would be required to reimburse 100% of the WTCS tuition remissions provided under this program. Additional funds would be required to reimburse tuition remissions granted by the UW System.

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Thank you for your support of these requests and the opportunity to comment on the issues before HEAB that require action in the next biennial budget. We hope this is helpful to your deliberations.

Sincerely,



Brent Smith

President

Wisconsin Technical College System Board



Daniel Clancy

President

Wisconsin Technical College System

cc: WTCS Board Members

HEAB Board Members

DOA Budget Analyst