

**1999 DRAFTING REQUEST**

**Assembly Amendment (AA-AB133)**

Received: 06/7/99

Received By: malaigm

Wanted: Soon

Identical to LRB:

For: Legislative Fiscal Bureau 6-5996

By/Representing: Larsen

This file may be shown to any legislator: NO

Drafter: malaigm

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Subject:       Employ Priv - job training

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**Pre Topic:**

LFB:.....Larsen -

**Topic:**

Technical college study grants (LFB paper #1059)

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	malaigm 06/7/99	chanaman 06/8/99		_____			
/1			martykr 06/8/99	_____	lrb_docadmin 06/8/99		

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FE Sent For:

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## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 1, 1999

Joint Committee on Finance

Paper #1059

### Technical College Study Grants (DWD -- Employment, Training and Vocational Rehabilitation Programs)

[LFB 1999-01 Budget Summary: Page 664, #1]

#### CURRENT LAW

Wisconsin Technical College System (WTCS) students are currently eligible for a variety of federal and state financial aid programs. The largest of the state programs is the Wisconsin Higher Education Grant (WHEG) program which provides need-based grants to resident students who are enrolled at least half-time. Under the program, which is administered by the Higher Educational Aids Board (HEAB), eligible students may receive grants of \$250 to \$1,800 per year. In 1997-98, WHEG awards were provided to 15,186 WTCS students, or 19.5% of resident undergraduates enrolled at least half-time. In 1998-99, a total of \$11.7 million is appropriated for the grants.

The Academic Excellence Scholarship (AES) program is the only GPR-funded, statewide financial aid program that is not need-based. The program, which is administered by HEAB, provides scholarships to selected 12<sup>th</sup> grade students who have the highest grade point average in each public and private high school in the state. AES recipients may use the scholarship at any UW or WTCS institution or at a participating private college located in the state. Freshman scholars who enrolled in 1996-97 and thereafter receive a maximum of \$2,250 per year, while students who enrolled as freshmen prior to 1996-97 receive an amount equal to total tuition and fees up to the amount charged at UW-Madison (\$3,405 in 1998-99). Of the 2,496 AES recipients enrolled in eligible institutions in 1997-98, 14 attended technical colleges.

#### GOVERNOR

Provide \$1,100,000 GPR in 1999-00 and \$2,200,000 GPR in 2000-01 in a new, annual appropriation under DWD, for study grants to high school graduates who meet or exceed a certain grade point average and who enroll full-time in a WTCS institution within one year after graduation from high school. Specify that the program would be administered by the Governor's

Work-Based Learning Board, which would be created under the bill. Require the Board to establish requirements, including a minimum grade point average, that a student would have to meet to be eligible to receive a study grant. The requirements would not have to be promulgated as rules.

## **DISCUSSION POINTS**

### **Background**

1. There are approximately 439,100 students enrolled in the 16 WTCS districts. Due to the large number of part-time students, however, the number of full-time equivalent students is approximately 56,500. WTCS programs fall into one of two broad categories: (1) continuing education which is comprised of part-time programs in vocational-adult, basic skills education and district/community services, which include hobby courses and activities offered with community groups; and (2) postsecondary programs, which consist of associate degree programs, college parallel programs and vocational diploma programs. Associate degree programs generally require two-years of full-time attendance to complete while technical diploma programs may be completed in one or two years. College parallel programs are two-year programs in which the liberal arts credits earned by students may be transferred to a four-year university and applied towards a baccalaureate degree. The State WTCS Board has approved such programs at only three districts (Madison, Milwaukee and Nicolet). Of the approximately 152,400 students enrolled in postsecondary programs, over 66% are enrolled in associate degree programs while approximately 23% are enrolled in technical diploma programs and 11% are college parallel students.

2. Because of the System's focus on occupational education, WTCS institutions enroll students in a wide range of age groups. The largest percentage of students enrolled in postsecondary programs is between the ages of 19 and 24 (approximately 29% of all students). However, 25 to 34 year-olds comprise about 26% of all postsecondary students and an additional 21% are between the ages of 35 and 44. One of the goals of the System is to increase the percentage of students who enroll in a technical college immediately following high school graduation from the current 18% to 25%.

### **Structure of Proposed Program**

3. Under the bill, very little detail regarding the proposed technical college study grants program would be provided in the statutes. Essentially the statutes would specify that the grants would be: (1) administered by the Governor's Work-Based Learning Board, which would be created under the bill; and (2) awarded to high school graduates who meet or exceed an unspecified grade point average (GPA) and enroll full-time at a WTCS institution within one year after high school graduation. The Board would have to set the minimum GPA and establish other eligibility requirements that a student would have to meet in order to receive a grant. Although the Board would be required to promulgate rules for the administration of the study grants program and other programs proposed in the bill, the eligibility requirements would not have to be promulgated as

rules.

4. The purpose of the proposed program is unclear. Executive budget documents indicate that "the program's intent is to provide an incentive for high quality students to enter high skill, technical professions," which would suggest that the program would be a scholarship program. However, in his biennial budget message, the Governor stated that the purpose of the grants would be "to make a technical education more accessible to our youth," and DOA staff have also indicated that the purpose is to provide aid to WTCS students. Both of these statements would seem to suggest that the program is intended to be a financial aid program.

5. Under the bill, the Work-Based Learning Board would have almost complete discretion to determine the structure and requirements of the program. Further, since the student eligibility requirements would not have to be promulgated as rules, the Legislature would have no opportunity to review these requirements prior to their implementation. Given that considerable state resources would be involved, the Legislature may wish to provide more guidance in defining the structure of the program. In developing the structure of the program, a number of questions should be considered.

6. **What is the goal of the program?** Is the purpose to: (a) provide financial aid to students to improve access to technical education; (b) increase the number of students enrolling in technical colleges immediately after graduating from high school; or (c) improve the academic quality of WTCS students? While these goals are not necessarily mutually exclusive, each may suggest a slightly different programmatic approach.

If the goal of the program is to increase financial aid for WTCS students, which could in turn result in an increase in the total number of students attending technical colleges, one could argue that a more efficient use of the funds would be to increase the WHEG program for WTCS students. The amount provided in the bill for the proposed grant program, if reallocated to the WHEG program, would represent annual increases of 9.4% in 1999-00 and 8.6% in 2000-01 above base level funding of \$11,749,600 for the WHEG awards in 1998-99. In previous action on the budget bill, the Committee adopted a motion to increase funding for the WHEG program by 4.92% in 1999-00 and 4.97% in 2000-01.

A student may choose to enroll or not to enroll at a technical college for a variety of reasons, not all of which are financial. For example, high school students may not be as aware of the educational opportunities available at technical colleges as at four-year institutions. In that case, a financial incentive may not influence some students' decisions.

If the goal of the program is to improve the academic quality of WTCS students, a merit-based program, which does not consider financial need, may accomplish this goal. However, it may be difficult to set an appropriate minimum grade point average since WTCS districts do not typically collect this information from entering students. One district, Southwest Technical College, which did collect self-reported GPA information found that 40% to 50% of all students enrolling in postsecondary programs had GPAs of 3.0 or higher. While the bill specifies that the Work-Based

Learning Board would set the minimum GPA, in his biennial budget message, the Governor stated that students "with a B average would be eligible." Based on the information from Southwest, it appears that a significant number of these students are already enrolling in technical colleges. If this is the case, the proposed funding may only result in a greater amount of financial aid being provided to students who would have enrolled anyway.

Another option would be to award the grants on the basis of a combination of GPA and need. All students whose GPA meets or exceeds the established minimum would receive a grant, provided they meet any other eligibility criteria that is established. However, the amount of the grant would be based on the student's financial need with needier students receiving a larger grant.

**7. What type of student is intended to be reached by the program?** For example, would the program be intended for those students who: (a) may not otherwise pursue postsecondary education; or (b) would otherwise have chosen a four-year institution?

High school graduates who choose to enter the workforce immediately after graduation may do so for a number of reasons, although some of the primary reasons could be related to the direct costs of higher education as well as foregone earnings. Since it is somewhat less likely that these students would have high GPAs, grants awarded on this basis may not reach these students.

As previously noted, students may choose a four-year institution or a two-year UW College over a technical college for a number of reasons other than cost. Thus, it would be difficult to determine whether a financial aid or scholarship program would influence these students' postsecondary decisions.

**8. What would be the appropriate award amount to achieve the goal of the program as a financial aid or scholarship program?**

While the amount of each grant is not specified in the bill, in his biennial budget message, the Governor stated that the grants would be \$500 each, which, based on the amount provided in the bill, would allow the Board to award 2,200 grants in 1999-00 and 4,400 grants in 2000-01. It is not known whether a student would be eligible to receive a grant for more than one year.

For 1999-00, annual tuition for a WTCS student enrolled for 24 credits, which is the number of credits required for full-time status for financial aid purposes, will be \$1,422 for students enrolled in associate degree and technical diploma programs and \$1,951.20 for college parallel students. In addition to tuition, all students pay material fees which average approximately \$100 per year for associate degree and technical diploma programs and \$30 for college parallel students, but can be as high \$750 per year depending on the program. Thus, a \$500 grant may cover between one-quarter and one-third of a student's tuition and fees. However, it is important to remember that costs other than tuition and fees, such as room and board, transportation, books and miscellaneous expenses can be significant. In 1997-98, the average total educational cost for a WTCS student was \$8,004. Therefore, a \$500 grant would have covered approximately 6.3% of a student's total cost in that year.

A \$500 award may not be sufficient to influence the decisions of students who would otherwise choose to attend a UW or private institution. Students choosing between a technical college and a career may also require a greater financial incentive. However, unless additional funding would be provided, increasing the amount of each grant would result in fewer students receiving grants.

9. **Should the grants be limited to students who enroll in certain WTCS programs?**

If the goal of the program is to increase the number of students enrolling in "high skill" programs, it may be appropriate to limit the grants to only those students who enroll in associate degree and technical diploma programs, and exclude college parallel students. The following table shows the estimated number of students who enrolled in technical college programs on both a full-time and part-time basis, within one year of high school graduation.

<u>Year Graduated From High School</u>	<u>Associate Degree</u>	<u>Technical Diploma</u>	<u>College Parallel</u>	<u>Total</u>
<b>Full-Time Students</b>				
1994-95	2,366	740	110	3,216
1995-96	2,578	808	129	3,515
1996-97	2,761	826	106	3,693
1997-98	2,782	807	186	3,775
<b>Part-Time Students</b>				
1994-95	2,604	700	225	3,529
1995-96	2,919	799	226	3,944
1996-97	2,890	720	198	3,808
1997-98	2,938	727	258	3,923

As shown in the table, the number of students enrolling in technical colleges within one year of high school graduation has increased steadily over the last four years. However, caution should be used in evaluating this data since many students take courses in more than one program area. For example, a student working toward an associate degree may choose to take a college parallel English course. To avoid double counting, this student would appear only in the associate degree category. In this table, a student taking any associate degree courses would be placed in the associate degree category, even if he or she is actually planning to earn a technical diploma or is a college parallel student. If students enrolled in certain programs would be excluded from eligibility, a method would have to be devised to determine what constitutes enrollment in a particular program.

For the purposes of this table, a student was considered to be full-time if he or she enrolled

for at least 24 credits in one year. Some students who would otherwise have taken less than 24 credits per year may decide to enroll full-time if doing so would make them eligible for a grant.

### **Administration**

10. Under the bill, the program would be administered by the Work-Based Learning Board. However, depending on the answers to the above questions, it may be more appropriate for HEAB or the WTCS Board to implement the program. For example, if the purpose of the grants is to provide financial aid to increase access to the Technical College System, it would be more logical for HEAB to administer the program as the primary agency responsible for the management and oversight of the state's financial aid system. If the grants would be awarded on the basis of need, HEAB would already have access to the information necessary to make that determination and has experience working with financial aid officers at the individual WTCS districts. HEAB may also be the appropriate agency to manage the funds if the program is to be a scholarship program since the Board already administers the AES program. However, if a student's grade point average would be considered in awarding the grants, one could argue that it would be more efficient for the WTCS Board to collect this information from the districts. Further, if the grants would be targeted to students enrolling in particular WTCS programs, as suggested by the statement in the executive budget documents regarding students entering high skill technical professions, the WTCS Board would be in a better position to develop eligibility criteria and to determine which students would be eligible.

11. The Work-Based Learning Board would be staffed by GPR positions that would be transferred from DWD's Division of Connecting Education and Work, which would be eliminated under the bill, as well as additional positions funded through federal Carl Perkins monies that would be transferred from the Department of Public Instruction and federal Temporary Assistance to Needy Families funds. If administration of the program would be transferred to either HEAB or the WTCS Board, an additional 0.5 FTE position would be necessary at a cost of \$21,200 in 1999-00 and \$20,600 in 2000-01. One could argue that GPR funding and position authority could be transferred from the proposed Work-Based Learning Board to administer the program.

### **Program Funding**

12. According to DOA, the \$1.1 million GPR in 1999-00 and \$2.2 million GPR in 2000-01 that would be provided for the grants under the bill is based on an approximate 1% increase in the appropriation for state general aids to WTCS districts, rather than any assumption of the number of grants to be awarded or the amount of each grant. DOA staff indicate that it was determined that providing the funds in the form of financial aid to students would have a greater impact on WTCS enrollments. The Finance Committee, in considering the WTCS budget, provided \$1.1 million GPR in 1999-00 and \$2.2 million GPR in 2000-01 for state general aids to WTCS districts.

13. In order for the grants to influence students' postsecondary education decisions, students would need to be made aware of the program prior to high school graduation. Given the timing of the probable passage of the budget bill and since rules would have to be promulgated for



the administration of the program, it is unlikely that any grants could be awarded before the spring of 2000 for enrollment beginning in the fall semester of the 2000-01 academic year. Therefore, one could argue that the \$1.1 million that would be provided for the grants in 1999-00 could be eliminated.

14. A concern could be raised regarding the potential future costs of the proposed grants. If the program is implemented as a scholarship program, similar to the AES awards, the study grants may be viewed as an entitlement. In the mid-1990s, the increasing costs of the AES program led to three years of funding shortfalls. Although the law specified that scholarships were to be prorated in the event of such a shortfall, in each of the years HEAB requested and received supplemental funds from the Joint Committee on Finance. To control the cost of the program, the Legislature capped the scholarship amount in 1996-97. The bill would not include proration language for the WTCS study grants should the amount provided be insufficient to fund the awards. However, since the funding would be provided in an annual, sum certain appropriation, one could assume that in case of a shortfall, grants would either be prorated or the Work-Based Learning Board would seek a supplement from the Committee.

## ALTERNATIVES

### A. Program Structure

1. *Governor's recommendation.* Approve the Governor's recommendation for the establishment of a program to award study grants to high school graduates who meet or exceed a certain grade point average and who enroll full-time in a WTCS institution within one year after graduating from high school.
2. *No minimum GPA requirement and financial need.* Modify the Governor's recommendation by eliminating reference to a minimum GPR and instead, specify that the grants would be awarded on the basis of need.
3. *Financial need.* Modify the Governor's recommendation by specifying that the amount of an individual student's grant would be determined on the basis of financial need.
4. *Eligible programs.* Modify the Governor's recommendation by specifying that only those students who enroll in associate degree or technical diploma programs, as determined by the administering agency, would be eligible to receive the grants.
5. *Administrative rules.* Modify the Governor's recommendation by requiring that the administering agency promulgate rules describing the requirements that a student would have to meet in order to be eligible for a grant.
6. Maintain current law.

**B. Administration**

1. *Governor's recommendation.* Approve the Governor's recommendation to require the Governor's Work-Based Learning Board to administer the proposed program.

2. *Require HEAB to administer the program.* Modify the Governor's recommendation by requiring HEAB to administer the proposed program. Transfer the funding for the grants program to a new, biennial appropriation within HEAB. In addition, transfer \$21,200 GPR in 1999-00 and \$20,600 GPR in 2000-01 and 0.5 GPR position beginning in 1999-00 from the Work-Based Learning Board to HEAB to administer the program.

3. *Require the WTCS Board to administer the program.* Modify the Governor's recommendation by requiring the State WTCS Board to administer the proposed program. Transfer the funding for the grants program to a new, biennial appropriation within WTCS. In addition, transfer \$21,200 GPR in 1999-00 and \$20,600 GPR in 2000-01 and 0.5 GPR position beginning in 1999-00 from the Work-Based Learning Board to WTCS to administer the program.

4. Maintain current law.

**C. Funding**

1. *Governor's recommendation.* Approve the Governor's recommendation to provide \$1,100,000 GPR in 1999-00 and \$2,200,000 GPR in 2000-01 in a new, annual appropriation under DWD, for the proposed program.

2. *Delete first-year funding.* Modify the Governor's recommendation by deleting \$1,100,000 GPR in 1999-00 to reflect a delay in the start of the program until 2000-01.

<u>Alternative C2</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	-\$1,100,000

3. Maintain current law.

<u>Alternative C3</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	-\$3,300,000

Prepared by: Merry Larsen



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb05667  
GMM.....  
cmH

soon

LFB:.....Larsen - Technical college study grants (LFB paper #1059)

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 1. Page 308, line 15: delete lines 15 and 16.

3 2. Page 444, line 17: delete lines 17 and 18.

4 3. Page 972, line 21: delete "technical college study".

line 22 5 4. Page 972, line 2: delete "grant".

6 5. Page 973, line 14: delete "technical".

7 6. Page 973, line 15: delete "college study grant".

8 7. Page 973, line 20: delete "a technical college".

9 8. Page 973, line 21: delete "study grant program as described in sub. (4g)".

10 9. Page 974, line 4: delete "the technical college study grant program".

change  
scored period  
to a  
scored comma

①  
②

**10.** Page 97<sup>6</sup>~~4~~, line 20: delete lines <sup>✓</sup>20 to <sup>✓</sup>24.

**11.** Page 97<sup>7</sup>~~5~~, line 1: delete lines <sup>✓</sup>1 to <sup>✓</sup>4.

3

(END)



State of Wisconsin  
1999 - 2000 LEGISLATURE

LRBb0566/1  
GMM:cmh:km

LFB:.....Larsen – Technical college study grants (LFB paper #1059)

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- 6 **5.** Page 973, line 15: delete “**college study grant**”.
- 7 **6.** Page 973, line 20: delete “, a technical college”.
- 8 **7.** Page 973, line 21: delete “study grant program as described in sub. (4g)”.
- 9 **8.** Page 974, line 4: delete “, the technical college study grant program”.
- 10 **9.** Page 976, line 20: delete lines 20 to 24.

