

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-2729/2</b>	<b>Introduction Number</b> <b>AB-0439</b>
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**Description**  
 Technical college adult basic education programs, eligibility for Wisconsin higher education grants, and granting rule-making authority

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes
  - No
- Decrease Costs

**Local:**

- No Local Government Costs
  - Indeterminate
    - 1.  Increase Costs
      - Permissive
      - Mandatory
    - 2.  Decrease Costs
      - Permissive
      - Mandatory
    - 3.  Increase Revenue
      - Permissive
      - Mandatory
    - 4.  Decrease Revenue
      - Permissive
      - Mandatory
5. Types of Local Government Units Affected
- Towns       Village       Cities
  - Counties       Others
  - School Districts       WTCS Districts

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

WTCS 7/18/2007

LRB Number	<b>07-2729/2</b>	Introduction Number	<b>AB-0439</b>	Estimate Type	<b>Original</b>
<b>Description</b> Technical college adult basic education programs, eligibility for Wisconsin higher education grants, and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

AB 439 includes two three provisions that will increase costs for the Wisconsin Technical College System (WTCS): 1) reporting and participation of students in certain adult basic education (ABE) classes that are offered below the post-secondary level; 2) requiring new criteria for enrollment in postsecondary courses, and 3) expanding eligibility for Wisconsin Higher Education Grants(WHEG) to students attending less than half-time.

First, AB 439 provisions related to ABE create significant additional administrative costs for both the WTC System Office and Wisconsin's 16 local technical colleges. The bill also limits local flexibility currently available to colleges. Colleges use their flexibility to identify the unique combination of program and other courses that best address individual student academic deficiencies while ensuring students make appropriate academic progress in post-secondary occupational courses.

AB 439 requires extensive additional reporting and monitoring at the state and local level to both identify those students who enroll in a wide-variety of basic education-related courses and to determine if those students subsequently enroll in a post-secondary degree or diploma program. It also creates time- and labor-intensive requirements to promulgate new rules every five years establishing enrollment goals.

Second, AB 439 requires that the WTCS establish criteria defining post-secondary programs eligible for concurrent enrollment by students who have not earned a high school completion credential. Identifying appropriate criteria requires review of each of the existing program courses currently approved for local colleges to offer and would be particularly time and labor intensive. In 2005-06, over 21,000 courses were approved as part of program curriculum. Each new course developed in the future also would require additional evaluation work to determine whether the course requires a high school credential.

However, defining post-secondary programs as not requiring a high-school completion credential will have far-reaching implications on college accreditation and student financial aid eligibility. College accreditation is important for ensuring that enrolled students qualify for state and federal financial aid; students from colleges that are not accredited as post-secondary institutions do not qualify for financial aid.

Third, AB 439 expands eligibility for WHEG to students enrolled less than half time. Last year, approximately 35% of about 70,000 WTCS program students who were enrolled at least half time qualified for \$15.8 million in WHEG grants, with an average grant of \$652. It is important to note, however, that despite these WHEG grants, WTCS students have significant unmet need when paying for college. Unmet need describes the financial gap between the total cost of education and expected student financial aid and family contribution available to pay college costs. For 2005-06, the average unmet for WTCS students was \$4,022. Filling the unmet need of WTCS students who qualified for WHEG grants in 2005-06 would require approximately an additional \$98 million in WHEG funding.

Assuming that a similar percentage of program students enrolled less than half time would qualify for WHEG under the provisions of AB 439, an estimated 10,400 new students might qualify for WHEG grants. Based on a minimum grant award of \$250 (or the cost of tuition, whichever is less) included in AB 439, these 10,400 new students might increase annual demand for WHEG grants by \$2.6 million.

Demand for WHEG grants among students enrolled at least half-time already far exceeds available funding, with annual WHEG grants committed as early as September for the entire academic year. Without significant new state resources, expanding WHEG availability will reduce aid available for all students. In addition, because WHEG applications are processed on a first-come, first-serve basis, full-time students with more significant financial need might lose their WHEG access because the grants are allocated to students taking only a single course who applied earlier in the year.

In addition, expanding WHEG availability will create significant administrative burdens on local colleges. All students seeking either state or federal financial aid must complete the Free Federal Student Aid Application. Estimates range from \$60 to over \$100 in college costs per financial aid application processed, which includes the costs of providing customer service to assist students throughout the financial aid application process and disbursing financial aid awards. Thus, processing an estimated additional 10,000 financial aid applications might increase college financial aid administrative costs by \$600,000 to \$1,000,000 annually.

### **Long-Range Fiscal Implications**

AB 439 requires the WTCS promulgate new rules every five years establishing five-year goals and annual benchmarks for the number of students who enroll in vocational diploma or associate degree programs after completing an adult basic education program. This will require extensive commitment of state and local administrative resources.

Long-range fiscal implications also result from defining post-secondary programs as not requiring a high-school completion credential because of potential questions about the accreditation of WTCS colleges as post-secondary institutions. Accreditation problems limit student financial aid eligibility. College accreditation is important for ensuring that enrolled students qualify for state and federal financial aid; students from colleges that are not accredited as post-secondary institutions do not qualify for financial aid.

WTCS students already experience a significant level of unmet need for financial aid. Expanding the number of students eligible for aid, with no commensurate increase in the amount of aid available will further increase WTCS students level of unmet financial need.