



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #165

Meat Talent Development Tuition Grants (Agriculture, Trade and Consumer Protection -- Agricultural Assistance)

[LFB 2021-23 Budget Summary: Page 60, #2]

CURRENT LAW

UW System operates agriculture programs at three of its institutions: UW-Madison, UW-Platteville, and UW-River Falls. Additionally, Wisconsin Technical College System (WTCS) schools offer a variety of agriculture- and meat industry-related courses and degree paths, including animal science, agribusiness, livestock production, and farm management. For the 2020-21 academic year, Wisconsin resident annual tuition rates (not including fees) for full-time students at public higher education institutions in Wisconsin vary from: (a) \$4,167 to \$5,636 at WTCS; (b) approximately \$6,400 at UW-Platteville and UW-River Falls; and (c) \$9,273 at UW-Madison.

A recent survey of public higher education institutions by the Department of Agriculture, Trade, and Consumer Protection (DATCP) estimated that in 2019-20, 205 students were enrolled in meat-related courses at WTCS. This number declined to 105 in 2020-21 due to the COVID-19 pandemic. Additionally, approximately 300 students are enrolled in animal science programs focusing on meat animals at UW System institutions in 2020-21.

DISCUSSION POINTS

1. A 2019 study by Dr. Steven Deller of the University of Wisconsin-Madison Department of Agricultural and Applied Economics estimated that meat and poultry processing businesses in Wisconsin generated sales of \$8.6 billion in 2017, and employed approximately 16,000 workers. Due to temporary closures of a number of high-volume meat establishments as a result of the COVID-19 pandemic, demand for slaughter capacity at other meat processing establishments increased in 2020. State-inspected meat processing facilities are generally smaller operations, and were less affected by

COVID-19 closures. Consistent with this trend, total slaughters of cattle (43,300) and swine (46,100) at state-inspected facilities rose 32% in 2020 relative to 2019. Further, DATCP notes that supply chain disruptions associated with the COVID-19 pandemic caused consumers to pursue locally-sourced meat, which is often slaughtered at smaller state-inspected facilities. As a result of these pandemic disruptions and shifting consumer behavior, demand for increased capacity at smaller meat processing facilities has grown. DATCP reports it expects continued growth in coming years as consumer demand for locally sourced meat products continues to grow.

2. Assembly Bill 68/Senate Bill 111 would provide DATCP \$1,237,500 each year for tuition grants that cover up to 80% of the first \$9,375 in tuition costs (\$7,500 per recipient) for individuals enrolling in meat processing programs at higher education institutions in Wisconsin. Additionally, the bill would provide \$69,200 GPR in 2021-22 and \$92,200 GPR in 2022-23 with 1.0 GPR position to administer the program. Under the bill, grants would be provided for tuition costs of enrolling in a "meat processing program." Meat processing program is not otherwise defined, but DATCP suggests programs would be those with coursework related to animal slaughter, carcass fabrication, meat cutting, meat safety, sausage making, meat curing and dry aging, livestock handling for meat processing, and meat business management and entrepreneurship.

3. DATCP contends that a shortage of skilled staff lengthens slaughter wait times, and imposes a bottleneck on activity in Wisconsin's meat industry. Anecdotally, DATCP staff report that cases of farmers who elect not to grow their livestock herd or poultry flock due to wait times of several months for slaughter appointments at processing facilities; however, there are no immediate estimates of the prevalence of such an occurrence. It may be that increased financial assistance for meat processing education and training may increase meat processing staff capacity, reduce wait times for slaughter, and allow for additional growth in Wisconsin's meat industry.

4. The proposal would support 80% of the first \$9,375 in tuition costs for a student enrolled in a meat processing program. As written, it is not clear if the \$9,375 cap in tuition payments is per year, or over the course of the student's post-secondary education. The administration indicates it intends total funding per student across all years to not exceed \$7,500. (Alternatives related to grant limits would clarify this intent.) Based on current tuition rates for public higher education institutions in Wisconsin, this \$7,500 cap would equal approximately 67% to 90% of tuition costs for two years at a Wisconsin technical college, or 20% of tuition costs for four years at UW-Madison.

5. Based on DATCP's survey of higher education programs in Wisconsin, perhaps 400 to 500 students in Wisconsin are currently seeking a degree in meat processing-related fields. Assuming current enrollment of 500 students, the proposed funding level of \$1,237,500 annually would be sufficient to provide a tuition grant of approximately \$2,500 per year for each existing student. An allocation of \$2,500 per year would cover approximately the following proportion of annual tuition costs for full-time in-state students: (a) 44% to 60% for WTCS students; (b) 39% for UW-Platteville or UW-River Falls students; and (c) 27% for UW-Madison students. It should be noted that these amounts assume all eligible students apply, and that there is no growth in student enrollment in such programs. It is expected the proposal could increase interest or enrollment in meat processing programs, although it is unclear the magnitude of such a change.

6. As written, the bill does not specify prioritization criteria for recipients of funding. Based

on current enrollment levels, it is possible not all applicants would receive tuition assistance up to the \$7,500 limit per student. To ensure all eligible students have access to some level of tuition grant, awards could be prorated based on the number of eligible applicants. Proration would allow for allocation of funding to a larger group of applicants, potentially increasing the number of students who would pursue careers related to meat processing.

7. In 2018-19, approximately 62% of student financial aid provided in Wisconsin was need-based. The proposal does not specify need-based criteria, and DATCP reports it does not intend to impose such criteria for recipients. In general, need-based aid is provided based on the expected contribution of a student and their family towards educational costs, and students with lower financial ability to pay receive a relatively higher tuition award. Allocation of funding based on need would enable students to pursue post-secondary education related to meat processing in situations where other post-secondary education may be cost-prohibitive. Thus, allocation of funding based on need would be expected to further increase the pool of students pursuing meat processing education relative to the initially proposed program.

8. In general, the per-dollar effect of a financial incentive declines as additional funding is provided. That is, each additional dollar awarded in tuition grants to encourage students to pursue meat processing education is expected to generate less increased enrollment than the initially invested funding. For example, while a larger incentive might encourage a reluctant biology-focused student to enroll in a meat processing program, the same incentive split in half could capture the interest of two agriculture-focused students that are undecided on their specialization. Thus, a lower funding amount could capture the interest of students already likely to consider coursework related to meat processing at a lower annual cost.

9. The Higher Educational Aids Board (HEAB) is the primary state agency responsible for the management and oversight of the state's financial aid system, and HEAB administers most state-funded student financial aid programs. DATCP has limited experience providing tuition grants to support agriculture-related higher education. In 2017-18, the Department offered scholarships for individuals that had experience related to, or were pursuing education in, dairy farming. At that time, DATCP contracted with HEAB to administer the tuition grants funding. Directing administration of the tuition grant program to HEAB could allow for more effective administration of the program.

10. Given the estimated annual contribution of meat processing to Wisconsin's economy and the increasing demand for meat processing expertise, it could be considered appropriate to allocate general fund revenues to increase the meat processing workforce. The Committee could consider adopting the AB 68/SB 111 proposal to provide \$1,306,700 GPR in 2021-22 and \$1,329,700 GPR in 2022-23 with 1.0 GPR position to establish a grant program to cover up to 80% of the first \$9,375 in tuition costs for individuals enrolling in meat processing programs in Wisconsin [Alternatives A1, A3, B1, C1, and D1].

11. If the Committee wished to create a more targeted program, it could consider providing \$250,000 GPR each year for tuition grants [Alternative A2], and specifying a state match rate of 25% of the first \$10,000 in tuition costs for up to \$2,500 per student [Alternative B2]. Given the first-time nature of the program, the Committee could also provide funding on a one-time basis during the 2021-23 biennium, and consider continued funding for the program during 2023-25 biennial budget

deliberations [Alternative A4].

12. If the Committee wished to ensure broader impact or increased access to tuition grants, it could consider prorating awards to all eligible applicants [Alternative C1] or prioritizing allocation of tuition grants to students with the highest need [Alternative C2]. Further, considering HEAB's experience administering financial aid programs, the Committee could consider creating and funding the program under HEAB, and directing HEAB to collaborate with DATCP in establishing and conducting outreach for the program [Alternative D2].

ALTERNATIVES

A. Funding Level and Staff

1. Create an annual appropriation and provide \$1,237,500 GPR each year for tuition grants to students pursuing education in meat processing and related fields.

ALT A1	Change to Base
GPR	\$2,475,000

2. Create an annual appropriation and provide \$250,000 GPR each year for tuition grants to students pursuing education in meat processing and related fields.

ALT A2	Change to Base
GPR	\$500,000

3. Provide 1.0 GPR position with \$69,200 GPR in 2021-22 and \$92,200 GPR in 2022-23 to administer the program. (This alternative could be selected in addition to A1 or A2 above.)

ALT A3	Change to Base	
	Funding	Positions
GPR	\$161,400	1.00

4. Specify that funding be provided on a one-time basis during the 2021-23 biennium. (This alternative could be selected in addition to any of the alternatives above.)

5. Take no action.

B. Grant Criteria

1. Limit the state cost-share of tuition grants to 80% of the first \$9,375 in tuition costs, for total grants per individual of \$7,500.

2. Limit the state cost-share of tuition grants to 25% of the first \$10,000 in tuition costs, for total grants per individual of \$2,500.

C. Allocation Priority

1. Require that tuition grants be provided to all eligible applicants, and that awards be prorated consistent with the program's funding level.

2. Require that tuition grants be provided with consideration to student financial need, with larger awards provided to higher-need students. (This alternative could be selected independently or in addition to C1.)

D. Administering Agency

1. Create the tuition grant program under the Department of Agriculture, Trade and Consumer Protection, and direct the Department to collaborate with HEAB in administration of the program.

2. Create the tuition grant program under the Higher Educational Aids Board, and direct the Board to collaborate with DATCP in establishing and conducting outreach related to the program.

Prepared by: Rory Tikalsky