

**DISCUSSION/ACTION**  
**August 3, 2012**

**HIGHER EDUCATIONAL AIDS BOARD**

**BOARD REPORT #13-06**

**2013-2015 BIENNIAL BUDGET ISSUES**

**TECHNICAL COLLEGE SYSTEM**

# HEAB: Financial Aid

## Wisconsin Technical College System: 2013-15 Biennial Budget Initiative

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### ISSUE: WISCONSIN HIGHER EDUCATION GRANT (WHEG)

The gap is growing larger each year between state funding for the WTCS Wisconsin Higher Education Grant (WHEG) program and the need of students for state financial aid.

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### BACKGROUND

The Wisconsin Higher Education Grant (WHEG) is the primary source of state-funded student financial aid. There are separate WHEG appropriations for the WTCS and UWS. The identical program for private college and university students is called the Tuition grant (TG) program. The WTCS receives the smallest amount of WHEG funding compared to the UW System or Wisconsin's private colleges and universities.

#### Wisconsin Higher Education Grants and Tuition Grants Appropriation History

	UW System WHEG	Percent Change	WTCS WHEG	Percent Change	Private TG	Percent Change
1996-97	\$14,283,200		\$10,863,200		16,050,200	
1997-98	16,502,200	15.54%	11,297,700	4.00%	17,173,300	7.00%
1998-99	17,244,800	4.50%	11,749,600	4.00%	18,375,900	7.00%
1999-00	18,900,300	9.60%	12,454,600	6.00%	19,662,200	7.00%
2000-01	18,900,300	0.00%	13,201,900	6.00%	21,038,600	7.00%
2001-02	19,750,800	4.50%	13,631,000	3.25%	21,564,600	2.50%
2002-03	20,639,600	4.50%	14,874,000	9.12%	22,103,700	2.50%
2003-04*	27,199,600	31.78%	14,874,000	0.00%	22,103,700	0.00%
2004-05*	34,959,600	28.53%	14,874,000	0.00%	22,103,700	0.00%
2005-06	37,057,200	6.00%	15,766,400	6.00%	23,429,900	6.00%
2006-07	39,280,600	6.00%	16,712,400	6.00%	24,835,700	6.00%
2007-08	50,000,000	27.29%	17,130,200	2.50%	25,456,600	2.50%
2008-09	55,000,000	10.00%	17,548,000	2.44%	26,077,500	2.44%
2009-10	55,000,000	0.00%	18,162,200	3.50%	26,338,300	1.00%
2010-11	58,345,400	6.10%	18,797,900	3.50%	26,870,300	2.00%
2011-12	58,345,400	0.00%	18,797,900	0.00%	26,870,300	0.00%
2012-13	58,345,400	0.00%	18,797,900	0.00%	26,870,300	0.00%

\*Total Funding for UW-WHEG in 2003-04 and 2004-05 included GPR and PR funds

State WTCS WHEG funding has been inadequate to meet the need for aid for the many years. In 2011-12, approximately 49,000 WTCS students applied for and were eligible for WTCS WHEG but did not receive a WTCS WHEG grant because no state funding was available. For the second year in a row, all WTCS WHEG grants were allocated for the entire upcoming 2012-13 academic year in early April, suggesting even more WTCS students will be eligible for WTCS WHEG in 2012-13 but not receive it because of

inadequate state funding. The growing financial budget of attending college is most difficult for those with the least means. As a result, qualified students are not served.

<b>Date WTCS WHEG Funds Exhausted</b>	
Academic Year for the Awards	Date Fully Allocated
2005-06	December 5, 2005
2006-07	November 28, 2006
2007-08	October 23, 2007
2008-09	August 21, 2008
2009-10	June 4, 2009
2010-11	May 7, 2010
2011-12	April 4, 2011
2012-13	April 7, 2012

When the Legislature established separate appropriations for WTCS and UW System WHEG funding in 1996-97, WTCS WHEG funding equaled about 12% of WTCS revenues from learner fees. In 2011-12, WTCS WHEG funding equaled approximately 8.0% of tuition revenue.

Given the large number of WTCS student with financial need, it is not surprising that the WTCS students have such significant unmet need. To provide sufficient funding to meet the unmet need of WTCS students who were eligible for need based aid in 2010-11 would have required an additional \$283.1 million.

#### **Comparison of Unmet Student Financial Need 2010-11**

	UWS	WTCS	Private
Average Total Cost	\$17,225	\$13,128	\$30,848
Average Family Contribution	\$4,686	\$2,762	\$7,873
% of Total Cost	27.2%	21.0%	25.5%
Average <b>Need-Based</b> Assistance	\$7,303	\$5,267	\$10,513
% of Total Cost	42.4%	40.1%	34.1%
<b>Average Unmet Need from Need-Based Aid</b>	<b>\$5,236</b>	<b>\$5,099</b>	<b>\$12,461</b>
<b>% of Total Cost</b>	<b>30.4%</b>	<b>38.8%</b>	<b>40.4%</b>
Average <b>Non Need-Based</b> Assistance	\$3,210	\$2,697	\$4,993
% of Total Cost	18.6%	20.5%	16.2%
<b>Average Total Unmet Need</b>	<b>\$2,026</b>	<b>\$2,402</b>	<b>\$7,469</b>
<b>% of Total Cost</b>	<b>11.8%</b>	<b>18.3%</b>	<b>24.2%</b>

In recent years, stagnant state support has resulted in funding a disproportionate share of the System's budget with property tax revenue and increasing dependence on tuition revenues. WTCS students now fund a greater share of WTCS costs than the State.

As part of its last budget development process for the 2011-13 biennium, the State Board asked that HEAB include in its budget request:

- **\$23.4 million GPR for WTCS Wisconsin Higher Education Grants, including an additional \$11 million in FY 2011-12 and an additional \$12.4 million in FY 2012-13.** This increase would have helped ensure continued access for the growing number of WTCS students needing financial assistance to attend college and reduce the unmet financial need of WTCS students.
- **a statutory change that links WTCS WHEG increases to tuition (program fee) increases.** The WTCS Board believed this change was important to ensure that the gap does not continue to increase between the WHEG available for WTCS students and the demand for these grants.

HEAB included these items in its request but none of the items were included in the Governor's executive budget proposal and thus were not considered by the Wisconsin Legislature during its budget deliberations. However, Wisconsin Legislative Council Special Committee on Review of Higher Education Financial Aid Programs approved a proposal that resulted in the introduction of legislation that would have established a link between the WTCS WHEG appropriation and increases in tuition. For example, under this proposal, if WTCS tuition/program fees increased 6% so would the WTCS WHEG appropriation. The legislative proposal did not pass.

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## REQUEST

To ensure continued access for the growing number of WTCS students needing financial assistance to attend college and reduce the unmet financial need gap for current WTCS students from 38.8% in 2010-11 to 37% in 2013-14 and 36% in 2014-15, request an additional \$13.4 million GPR in FY 2013-14 and an additional \$20.7 million GPR in 2014-15 in WHEG funding, for a total of \$34.1 million over the biennium.

In addition, seek a statutory change that would establish a link between the annual tuition (program fees) increase approved by the WTCS State Board and the WTCS WHEG appropriation and mandatory funding mechanism, as recommended by the 2010 Special Committee on Review of Higher Education Financial Aid Programs and subsequently introduced by the Wisconsin Legislative Council as 2011 Assembly Bill 143. As AB 143 did not pass, the Board could choose to again seek this change through the request to the Higher Education Aids Board.

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## ISSUE: MINORITY UNDERGRADUATE RETENTION GRANTS

Students of color account for 16.9% of WTCS enrollment, a higher percentage than the percentage of minorities in Wisconsin's population as a whole. Minority enrollment in the WTCS increased 25.9% over the last ten years outpacing minimal increases in the Minority Undergraduate Retention Grant program, which means that the WTCS enrolls many more students who are eligible for the program than who can receive funding.

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## BACKGROUND

HEAB administers the state's Minority Undergraduate Retention Grant program for the WTCS, independent colleges and universities, and Tribal College students. Historically, WTCS students have received about half of the available grant funding. In FY 2010-11, 514 WTCS students received \$387,125 in these grants, 293 independent college and university students received \$386,014 and 42 Tribal College students received \$29,445.

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 students into the UW System than all other institutions combined. As a result, ensuring the continued access and success of student of colors in the WTCS is key to increasing the skill and academic attainment of Wisconsin's minority population and preparing these individuals to meet the state's workforce challenges.

As part of its last budget development process for the 2011-13 biennium, the State Board asked that HEAB include in its budget request:

- **\$253,900 GPR for Minority Undergraduate Retention grants, including an additional \$81,900 in FY 2011-12 and \$172,000 in FY 2012-13.** This increase would have helped reduce the financial barriers of Wisconsin students of color in accessing education and training that lead to high-skill, high-wage careers.

HEAB approved the requested amount as part of its budget request but none of the items were included in the Governor's executive budget proposal and thus were not considered by the Wisconsin Legislature during its budget deliberations.

In addition, the Wisconsin Legislative Council Special Committee on Review of Higher Education Financial Aid Programs approved a proposal that resulted in the introduction of legislation that would have established a link between the Minority Undergraduate Retention grants and tuition increases. The legislative proposal did not pass.

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## REQUEST

To ensure minority students have continued access to high-demand, high-skill technical education and baccalaureate degree transfer programs and to encourage more low-income minority students to pursue post-secondary education, request an annual 10% increase in the Minority Undergraduate Retention grant. This equates to an additional

\$81,900 in FY 2013-14 and an additional \$172,000 GPR in FY 2014-15, or a total of \$253,900 GPR over the biennium.

In addition, seek a statutory change that would establish a link between the annual tuition (program fees) increases and the Minority Undergraduate Retention Grant appropriation and mandatory funding mechanism, as recommended by the 2010 Special Committee on Review of Higher Education Financial Aid Programs and subsequently introduced by the Wisconsin Legislative Council as 2011 Assembly Bill 143. As AB 143 did not pass, the Board could choose to again seek this change through the request to HEAB.



July 16, 2012

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

Dear Board Chair Green 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 WTCS students through the Wisconsin Higher Education Grant (WHEG) and the Undergraduate Minority Student Retention grant. We urge HEAB to include requests for increased appropriations for these programs in its 2013-15 biennial budget proposal and seek a statutory change that ties future increases in WTCS WHEG to annual increases in WTCS tuition.

As you know, significant numbers of WTCS students have limited financial resources. During the 2010-11 academic year, 82,934 WTCS students (22.4% of statewide enrollment) qualified as economically disadvantaged under federal definitions. Of WTCS students who apply for financial aid, 50.7% are not expected to contribute to their educational costs under federal ability-to-pay calculations because their financial resources are so limited. In contrast, only 25.99% of Wisconsin's independent college and university students and 22.22% of UW System students are not expected to contribute to their educational costs under federal ability-to-pay calculations. WTCS students also have significant unmet financial need. According to HEAB, WTCS student average unmet financial need in 2010-11 equaled 38.8% of the average cost of education.

State funding for the WTCS WHEG grants has not met demand in several years. About 49,000 WTCS students did not receive the WHEG award for which they were eligible during the 2011-12 academic year because the WTCS WHEG appropriation is woefully underfunded. By April 2012, WTCS WHEG was fully awarded for the entire 2011-2012 academic year even as the number of financial aid applications continues to increase.



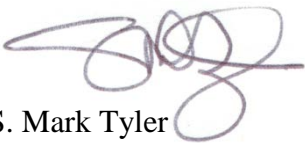
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The WTCS Board realizes that HEAB, like all state agencies, will likely seek to exercise restraint in its 2013-15 biennial budget request. At the same time, we cannot ignore the financial needs of our students and the important role WTCS graduates play 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 2013-15 budget request include:

- **\$34.1 million GPR for WTCS Wisconsin Higher Education Grants, including an additional \$13.4 million in FY 2013-14 and an additional \$20.7 million in FY 2014-15.** This increase would help ensure continued access for the growing number of WTCS students needing financial assistance to attend college and reduce the unmet financial need of WTCS students.
- **\$253,900 GPR for Minority Undergraduate Retention grants, including an additional \$81,900 in FY 2013-14 and \$172,000 in FY 2014-15.** 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.
- **a statutory change that links WTCS WHEG increases to tuition (program fee) increases.** The WTCS Board believes this change is important to ensure that the gap does not continue to increase between the WHEG available for WTCS students and the demand for these grants.

Thank you for 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,



S. Mark Tyler  
President  
Wisconsin Technical College System Board



Daniel Clancy  
President  
Wisconsin Technical College System

cc: WTCS Board Members  
HEAB Board Members  
Breann Boggs, DOA Budget Analyst