

DISCUSSION/ACTION
July 27, 2018

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #19-02

2019-2021 BIENNIAL BUDGET ISSUES

**WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES AND
UNIVERSITIES**

ALVERNO COLLEGE
BELLIN COLLEGE
BELOIT COLLEGE
CARDINAL STRITCH UNIVERSITY
CARROLL UNIVERSITY
CARTHAGE COLLEGE
COLUMBIA COLLEGE OF NURSING
CONCORDIA UNIVERSITY
EDGEWOOD COLLEGE
LAKELAND UNIVERSITY
LAWRENCE UNIVERSITY
MARIAN UNIVERSITY



WISCONSIN'S PRIVATE, NONPROFIT COLLEGES AND UNIVERSITIES
WORKING TOGETHER FOR EDUCATIONAL OPPORTUNITY

MARQUETTE UNIVERSITY
MEDICAL COLLEGE OF WISCONSIN
MILWAUKEE INSTITUTE OF ART & DESIGN
MILWAUKEE SCHOOL OF ENGINEERING
MOUNT MARY UNIVERSITY
NASHOTAH HOUSE
NORTHLAND COLLEGE
RIPON COLLEGE
ST. NORBERT COLLEGE
SILVER LAKE COLLEGE
VITERBO UNIVERSITY
WISCONSIN LUTHERAN COLLEGE

July 27, 2018

Steve Midthun, Chair
John Reinemann, Executive Secretary
Higher Education Aids Board
4822 Madison Yards Way
Seventh floor
Madison, WI 53705

Dear Mr. Midthun and Mr. Reinemann:

Thank you for including the Wisconsin Association of Independent Colleges and Universities (WAICU's) recommendation for student aid funding in Higher Educational Aids Board's (HEAB) 2019-21 state biennial budget request. Please find WAICU's recommendation for the private, nonprofit appropriation and supporting information below.

Wisconsin Grants and the Workforce Crisis

To develop a competitive economy, it is imperative Wisconsin increase the educational attainment of the state's population. By 2020, 62 percent of the jobs of the future will require postsecondary education. Additionally, by 2040, almost one-quarter of Wisconsin's population will be age 65 or older. Without concrete, scalable actions, Wisconsin will increasingly fall behind in the race to develop a qualified workforce. Employers across the state are backing action on the workforce crisis. To address the current and looming talent shortfall, Wisconsin needs to act now and embrace policies that enhance college attainment and increase educational opportunity for all Wisconsin citizens, particularly those who would otherwise not have the opportunity due to financial limitations. Investing in aid directly to students is a proven and targeted strategy for Wisconsin. Wisconsin Grants are a vehicle for expanding opportunity. By expanding state grant aid targeted to those, who, without help, would not attend a college or university, Wisconsin will expand its qualified workforce. State spending on need-based aid also helps ensure that low-income students who enter colleges emerge with a degree and helps them keep their debt at manageable levels.

State Spending on Wisconsin Grants

Given the need to address critical statewide workforce shortages, it is time that Wisconsin takes the necessary and important step of improving its national ranking on student aid. Minnesota for example stands in 18th place among the 50 states in student aid per undergraduate, while Wisconsin lags in 28th place. The average income in Minnesota places it in the top 10 among states while Wisconsin is in 22nd place. Minnesota also has a significantly higher educational attainment rate. The percentage of working age adults in Minnesota with a higher education credential stands at 58 percent. This ranking places them second nationally among states. Wisconsin's attainment rate lags over 10 percentage points lower than Minnesota at 47 percent.

To advance Wisconsin's economic position and competitiveness, WAICU recommends Wisconsin work to bring student grant aid to Minnesota's level of spending per undergraduate. Increased grants to qualified students with financial need will result in more students enrolling and graduating from college, a reduction in their expenses and an increase in their income – during their college years and after-and in an expansion of Wisconsin's economy powered by a trained and educated workforce.

By some estimates, if Wisconsin were at the Minnesota attainment level, overall Wisconsin annual incomes would be higher, by up to \$9.1 billion or 5.7 percent higher. Increasing attainment levels starts with getting more students to and through a higher educational institution or program. Increasing educational attainment levels, will result in higher wages and a more prosperous future for Wisconsin citizens.

Students in all sectors received an increase in their Wisconsin Grants appropriation in the 2017-19 biennial budget, a very important step forward. However, prior to this most recent budget, the Wisconsin Grant program had been flat funded for students at University of Wisconsin institutions and WAICU members for a decade, but student need greatly increased. In fact, the financial need of Wisconsin students, as measured by those students who can make a zero-family contribution, has grown statewide by over 150 percent.

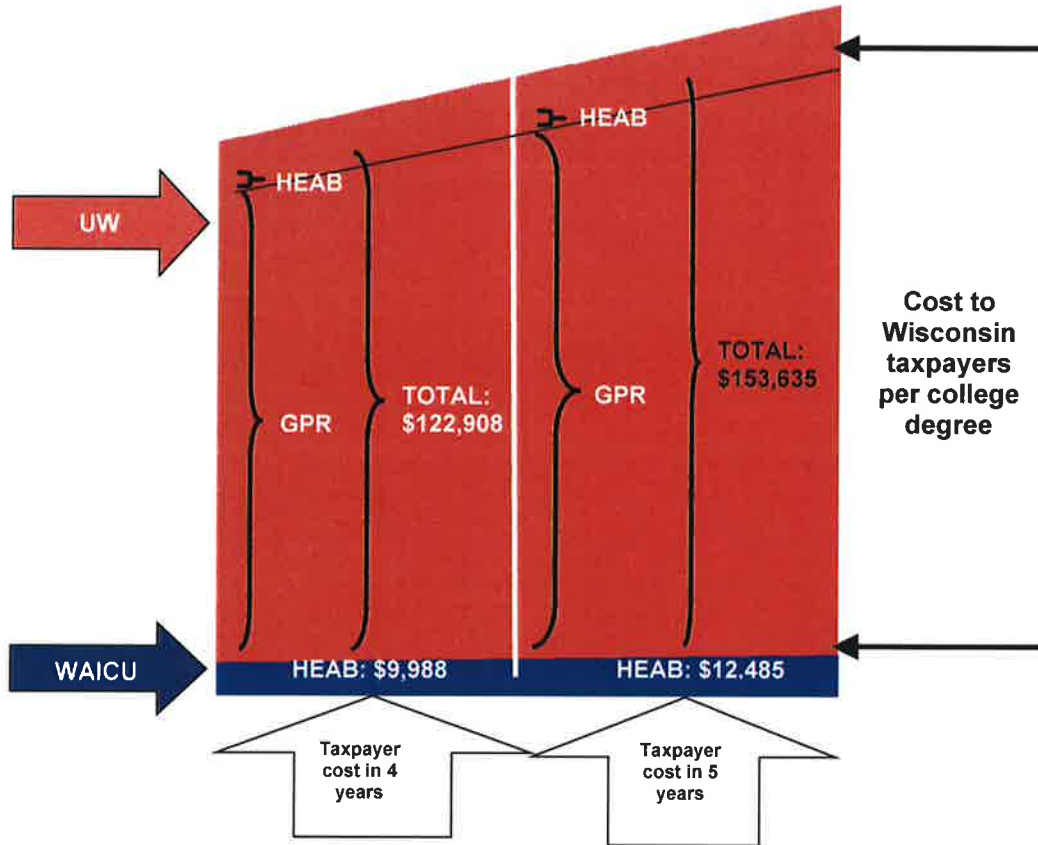
To bring Wisconsin investment in line with that of Minnesota and to gain ground to match its attainment rate, Wisconsin will need to increase its biennial appropriation for Wisconsin grants by \$135 million for all sectors. We acknowledge this is a significant number. However, the workforce mismatch is equally significant. Wisconsin needs an aggressive and substantive approach.

Recommendation for Wisconsin Grant Private, Non-Profit

WAICU members do not receive direct operating support from the state as do public institutions. WAICU members do, however, do their part by providing over \$500 million annually in privately raised dollars in grants and scholarships directly to students. WAICU members educate over 55,000 students each year and graduate 24 percent of the state's bachelor's degrees and 35 percent of the state's graduate degrees. Additionally, students attending WAICU members have an outstanding four-year graduation rate; in fact, a student attending a WAICU institution, has a 64 percent better chance of graduating in four-years if attending a WAICU institution than if attending a public institution. The Wisconsin Grant program for the private, nonprofit sector provides a significant

return on investment for the State of Wisconsin. Please see the chart below that demonstrates the significant return on investment for taxpayers funding a four-year degree for low-income students. This chart simply illustrates the economic efficiency of Wisconsin Grants private, nonprofit for the state of Wisconsin.

Taxpayer Support per Graduate – WAICU and UW System



Explanatory Note: The cost per degree is based on an average from 2011-12 to 2015-16.
 Sources: WAICU calculation based on data from Wisconsin State Biennial Budget Bills (various years); Higher Educational Aids Board, *Student Aid Expenditures* (various years); and Integrated Postsecondary Education Data System, Completions survey (various years).
 March 2018.

WAICU embraces the state's long-standing policy, established by HEAB in 1968, that taxpayer funded student aid be equitably allocated to Wisconsin students with documented need attending a Wisconsin public, or private nonprofit college or university. Currently, the appropriation for Wisconsin Grants is apportioned among Wisconsin students as follows: 55 percent for University of Wisconsin students, 20 percent for Wisconsin Technical College students and 25 percent for Wisconsin students attending a private, nonprofit institution. In other words, we urge treating Wisconsin students at Wisconsin colleges and universities equitably. Continuing apportionment of the increases assures current students will not have their college careers disrupted.

To bring the private, nonprofit appropriation to that of Minnesota's level, the appropriation would need to be increased by \$34 million. This equals 25 percent of the \$135 million of the increased amount in the Minnesota level appropriation. The increase for University of Wisconsin and the Wisconsin Technical College students would be \$74 million and \$27 million respectively.

Policy Change: Addressing Disruption

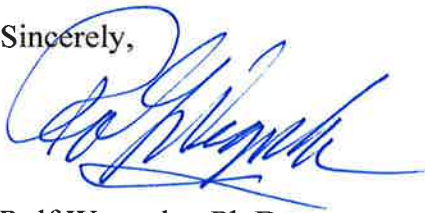
Additionally, because of fluctuations in state funding, the fluctuation in the applicant pool from one academic year to the next and the need to have adequate resources to assist students persist to graduation, student aid can be unpredictable for all involved. Therefore, WAICU is again recommending that the appropriation be made "sum sufficient" – i.e., that funds be available for all qualified Wisconsin students.

A note on the process

I am grateful to the HEAB staff and the board for their courtesy as WAICU formulated our budget recommendation. WAICU also supports increases for University of Wisconsin System students, the Wisconsin Technical College System students, and the tribal college students. WAICU has a long-standing policy of supporting low-income students attending the institution that is the best fit for them.

If I can answer any questions or be of further assistance, please contact me.

Sincerely,



Rolf Wegenke, Ph.D.
President

C: WAICU Presidents
WAICU Financial Aid Officers