



Aiding Success

Workforce and Financial Aid Trends Call for Increased Funding of Wisconsin Higher Education Grants for Technical College Students

The Wisconsin economy and the jobs it supports have changed dramatically in recent years. The number of family-supporting jobs available to those with low skills and no postsecondary credentials is dwindling. The shift from a manufacturing, goods-producing economy to a service and knowledge-based one has placed new education and skill demands on our workers. This is a challenging environment for many parents who, despite their hard work, find themselves struggling to provide for themselves and their families.

Skill development and greater educational attainment is the surest route for working parents to better wages and benefits and a more secure economic future for their kids. Gaining those skills and credentials, however, is often difficult for working parents who have to balance current work needs and family obligations with their desire to attend classes. While all of Wisconsin's institutions of higher education will be critical to meeting the workforce demands of our new economy, the flexible and highly targeted occupational programs at the state's technical colleges are particularly relevant for many of Wisconsin's hard working families.

An examination of financial aid trends and the burgeoning unmet financial needs of technical college students suggests that increased funding for Wisconsin Higher Education Grants for these students (WHEG-Tech)ⁱ would help promote economic development and family economic security and should become a high state priority in the coming years.

The Growing Importance of Postsecondary Occupational Training and Credentials and the Role of the Technical Colleges

There is a growing recognition in Wisconsin and around the country that demographic and economic changes are creating a significant demand for workers with mid-level job skills. These are defined as skills gained in post-high school/GED occupational programs leading to training certificates, technical diplomas and occupational associate degrees.

The following facts help illustrate this point:

- In Wisconsin, 77 percent of all job openings between 2004 and 2014 will require less than a four-year degree.ⁱⁱ These include family-supporting jobs in construction, manufacturing and other skilled trades, and mid-level service sector jobs.
- Recent human resource surveys indicate that employers in Wisconsin already face serious worker shortages in a wide range of professions, from machinists to sales people to technicians.ⁱⁱⁱ
- The growing need for mid-level skills in the state is mirrored at the national level, with 24 of the 30 fastest growing occupations requiring postsecondary education or training in the form of an occupational certificate or degree.^{iv}

The need for more skilled workers will increase as a large portion of our workforce is set to retire in the coming two decades. According to the Center on Wisconsin Strategy (COWS), the number of 65-year-olds in the state will nearly equal the number of 18-year-olds in about 20 years. Currently, there are about twice as many 18-year-olds as 65-year-olds in Wisconsin.^{vi} As more members of the aging workforce retire, labor market opportunities will be created for other workers, but only if they possess the skills that employers need.

These clear workforce needs place the technical colleges and their occupational programs – and their students' success – at the forefront of most economic discussions.

Wisconsin's technical colleges currently provide valuable training in hundreds of occupations to over 150,000 postsecondary students every year. Over half of these students are over the age of 25. Many attend programs in the evening or on weekends, or enroll in short-term or condensed trainings. The flexibility of these offerings is especially attractive to the many parents juggling work obligations, family commitments and school.

Of those technical college graduates responding to follow-up surveys, 92 percent were employed within six months of graduation, 76 percent of them in the field in which they trained. And about 90 percent of technical college students stay in the state after graduation.^{vii}

The socio-economic impacts of our technical colleges

are significant. In today’s economy, the opportunities available through technical college programs are particularly important to the more than 1.3 million Wisconsin adults 25 and older who have a high school diploma or its equivalent, but no postsecondary experience or credential.^{viii}

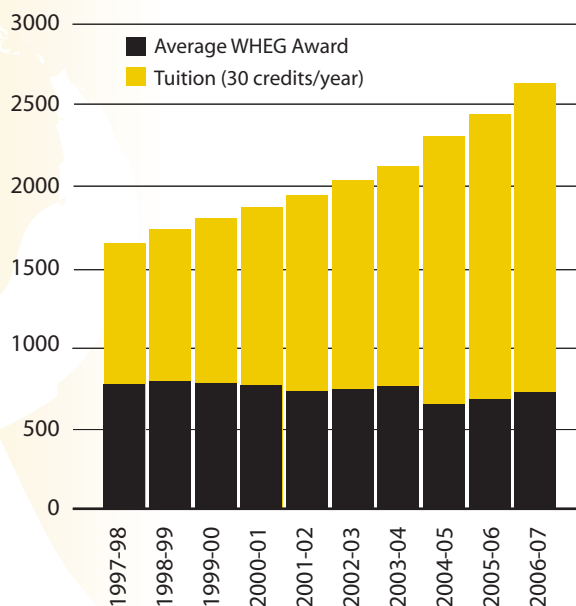
Affording these opportunities, however, is becoming increasingly difficult for large numbers of low-income residents. Without financial aid, technical college programs, despite attempts to keep costs low, are simply not an option for many working adults, particularly those trying to support families on low wages and few or no benefits.

Financial Aid Flat and Costs Rising for Technical College Students

The cost of attending a technical college has risen, and financial aid has not kept pace. Consider the following:

- Ten years ago the average WHEG award for technical college students was \$740. In 2006-07 it was \$697.
- Tuition has risen steadily over the same time period, at an average of 5.5 percent per year for the last ten years.
- During the 2006-07 school year, 2,300 technical college students who were eligible for need-based financial aid did not receive it because WHEG-Tech funds ran out.^{ix}
- The average cost of attending a technical college (including books and supplies, board, tuition and fees, personal expenses and transportation) rose 8.3 percent from 2006-07 to 2007-08.

Figure 1: Average WHEG Award for Technical College Students and Tuition Costs



Sources: Legislative Fiscal Bureau, Wisconsin Technical College System

Unmet Financial Need Highest for Technical College Students

A useful measure for determining the affordability of post-secondary programming is “unmet financial need.” This is the financial burden left on students after the expected family contribution and need-based aid.

- The unmet financial need of technical college students (41 percent of their costs) is higher than for students at the state’s private colleges (32 percent), and nearly twice as high as for those in the University of Wisconsin system (23 percent).
- **When non-need based aid is also taken into account (for example, additional loan or grant programs, scholarships, and institutional funds) the unmet financial need of technical college students stands at 31 percent of costs, while it falls to 3 percent at the private colleges and 6 percent at the UW System.**
- The unmet financial need of technical college students has risen 76 percent in the last ten years (from \$2,613 to \$4,602).
- Unmet need as a percentage of the cost of attending technical college continues to rise – from 32 percent in 1997-98 to 41 percent in 2006-07.

Demand for Technical College Programs and Financial Aid Continues to Rise

The demand for technical college programming, and the number of those receiving financial aid are increasing. Even as total financial aid expenditures have risen in recent years, those increases have been outpaced by the increased demand, resulting in stagnant financial aid awards, as seen in the table below. Demand will likely continue to grow, as even more of an *earnings premium* is placed on postsecondary credentials and training in the job market.

If current funding levels are maintained or only increase slightly, aid awards are likely to decrease, causing unmet financial need to rise. Alternatively, if the appropriation remains level but aid award amounts are raised by technical college system officials in an attempt to stem the growth of unmet financial need, there will be more eligible students not receiving WHEG awards. If the latter choice is made, WHEG-Tech funding will run out even earlier in the year. This would be a serious problem for the technical colleges, since many of their students do not enter programs in the traditional fall semester enrollment period.



Funding Growing Needs

Below are two different approaches to funding WHEGs for technical college students in the coming years. The first would ensure that *all* eligible students receive an award, the size of which would be based on the goal of shrinking the unmet financial needs gap experienced by technical college students. The second would link WHEG-Tech appropriations to the annual increases in “average cost of attending” plus some portion of the estimated increase in demand for awards.

Regardless of the specific approach and formulas utilized by the appropriate legislative and agency experts, we recommend that the state adopt two policy goals for need-based financial aid at our technical colleges:

(1) to close over time the rising unmet financial needs gap experienced by technical college students, a gap significantly higher for them than for students at other post-secondary institutions in the state; and

(2) to continue to meet at least some portion of the rising demand for postsecondary occupational programming by continuing to increase the number of students who receive WHEG-Tech awards.

1. Fund WHEG-Tech awards on a “sum-sufficient” basis.

This approach would ensure that all students who apply for aid, qualify, and enroll in technical college programs would receive an aid award at a level sufficient to stem the growth of unmet financial need. The annual appropriation would be based on the estimated number of students eligible along with a determination of the aid award amount.

The value of the aid award, which is individualized based on each student’s expected family contribution and costs encountered, could be set statutorily as a percentage of financial need. For example, a commitment could be made to fund 75 percent of the remaining financial need of qualifying low-income students. The exact budget appropriation would depend on those two figures: the aid award level and the estimated number qualifying students for the coming year.

This approach would give lawmakers considerable control over the amount of aid making its way into students’ hands every year. It would also ensure that all students entering technical college programs, regardless of the time of year, would receive financial aid at a meaningful level.

2. Fund WHEG-Tech to meet average cost increases for students and some portion of expected increased demand.

Every year, the Wisconsin Technical College System works with district financial aid officers to develop a recommended

Wisconsin Higher Education Grant, Wisconsin Technical Colleges (WHEG-Tech), 1997-2009

Year	Students Receiving Awards	Total Expenditures	% Change	Average Award
1997-98	15,186	\$11,230,344	-	\$740
1998-99	15,561	11,795,124	5.0	758
1999-00	15,173	11,354,630	-3.7	748
2000-01	18,982	13,879,602	22.2	735
2001-02	20,246	14,157,863	2.0	699
2002-03	20,112	14,369,851	1.5	714
2003-04	20,232	14,796,980	3.0	731
2004-05	23,497	14,682,703	-0.8	623
2005-06	24,211	15,792,630	7.6	652
2006-07	23,945	16,684,004	5.6	697
2007-08	-	17,130,200*	2.7	-
2008-09	-	17,548,000*	2.4	-

Source: Legislative Fiscal Bureau

* Amount appropriated

student budget for purposes of computing financial aid. This includes tuition and fees, books and supplies, board, personal expenses and transportation. This budget is one measure of the average cost of attending a technical college. A potential funding approach would be to increase the WHEG-Tech appropriation by this amount every year, plus an amount required to meet some portion of the increased demand for WHEG awards expected in the coming year.

For example, from 2006-07 to 2007-08, the recommended student budget increased by 8.3 percent. While the number of WHEG-Tech awards is not yet available for 2007-08, the number of technical college students receiving WHEGs between 1998-99 and 2006-07 increased at an average of 5.5 percent annually. Therefore an increase of ten percent in WHEG-Tech funding from 2007-08 to 2008-09 would have met both goals: ensuring that some portion of the rising demand for programming is met, as well as keeping pace with the increased costs of attending.

Conclusion

The technical colleges and the programs they offer are important tools for many hard working parents around the state who need to adapt to the changing economy and labor market. Financial aid appropriations for technical college students have risen sporadically over the last several years, and these increases have not kept pace with the in-



creased costs of attending and increased demand. The unmet financial needs of these students have risen correspondingly, and more low-income parents are being priced out of valuable postsecondary occupational programs at our technical colleges as a result.

The changing economy and the growing financial needs of students suggest the time is right to adopt a new approach to funding financial aid – one that not only takes into account the costs of technical college programs but also the rising demand for financial aid awards. Financial aid for these students, many of whom are working parents, benefits not just them and their families, but all of us – our communities, our businesses and our economy.

Acknowledgements

We would like to thank the Joyce Foundation for its generous support of the Council’s work on employment and economic support issues. The Council’s work in this area is based on the fact that kids are more likely to thrive when their parents have access to jobs, training and income supports that lead to family economic security. We would also like to thank officials at the Wisconsin Technical College System and Higher Education Aids Board for their time, thoughts and data.

This issue brief is the first in a series in which we will examine opportunities for and barriers to family-supporting employment in Wisconsin.

¹ The Wisconsin Higher Education Grant is the state’s primary need-based financial aid tool. It is distributed in three separate allocations, funding to the Technical Colleges for their students, to the University of Wisconsin system for its students, and to the state’s Tribal Colleges for its students. Each of the three allocations is individually determined in each biennial budget.

ⁱⁱ Wisconsin Projections, 2004-2014, In Brief, page 6. Wisconsin Department of Workforce Development.
ⁱⁱⁱ For a recent survey of labor demand, including specific skills in short supply, see Manpower, Inc.’s recent 2007 Talent Shortage Survey, available at www.manpower.com/.
^{iv} Crosley, Adair and Brandon Roberts. Strengthening State Policies to Increase the Education and Skills of Low-Wage Workers. Working Poor Families Project. Spring 2007.
^v Dahlk, Kira. Back to Basics: Strengthening Adult Basic Education in Wisconsin. Center on Wisconsin Strategy. November, 2006.
^{vi} 2005-07 Biennial Report. Wisconsin Technical College System. October, 2007.
^{vii} Ibid.
^{viii} U.S. Census Bureau. 2006 American Community Survey. Using ACS tables available through American FactFinder.
^{ix} Information provided by Wisconsin Technical College System staff, originating at the Higher Educational Aids Board.
^x Information provided by Wisconsin Technical College System staff, as contained in annual recommended student budgets.

WCCF Board of Directors

Marcia Engen <i>President</i>	Mary Haffenbredl Nancy Heykes
William Perloff, MD <i>Vice President</i>	Gerald Huber Steve I. Klaven
Tonya L. Brito <i>Secretary</i>	Missy Jacobus MacLeod Don Maurer
Steve Kinkade <i>Treasurer</i>	Donald Ott Rose Smits
Nancy Armbrust Jacquelyn Boggess	Joy Tapper Joseph R. Wall
Patricia A. Ellis Luis A. Garza	Richard L. Withers

This policy brief is a publication of the Wisconsin Council on Children and Families, written by John Keckhaver. The author can be reached directly at: jkeckhaver@wccf.org



WISCONSIN COUNCIL ON
**children
 & families**
 Raising Voices to Make Every Kid Count

555 W. Washington Avenue, Suite 200
 Madison, WI 53703
 608.284.0580
www.wccf.org