

## POLICY BRIEF

---

### Skilled Workers, Big Returns Three High-Return, Targeted Workforce Development Investments

---

Wisconsin currently faces a significant workforce development challenge, and it's one that is only going to intensify in the years to come. Changing demographics are combining with a changing labor market and new job skill requirements to produce a dramatic *skills mismatch* in the state. This challenge is not just being felt in one or two industries or in select municipalities. It is widespread, and it is already affecting the productivity and growth of many businesses, which are finding it difficult to hire adequately skilled workers. Likewise, a large population of Wisconsin workers with few skills and low academic credentials find that there are fewer jobs available to them today that pay or lead to a family-supporting wage.

The mismatch between employer needs and the skills of our *current* workforce becomes even more important when one considers our changing demographics, specifically the numbers of those entering and those already in the workforce. Consider the following: About two-thirds of our 2020 workforce has already exited the K-12 system. Put another way, the 50 million people in the workforce right now (nationally) who are aged 18 to 44 equals the next 17 years of high school graduating classes. Matching the skills of those *already* in the workforce, therefore, with employers' needs – needs that are trending toward higher skill levels – will be critical to increased productivity, wage gains and overall business and family economic success in the global economy.

While this challenge seems daunting, especially with difficult fiscal constraints

facing policy makers today, there are solutions. There are policy levers that can be applied to help more working adults get into and through valuable training and educational opportunities that are targeted to existing and emerging jobs. Here are three low-cost, high-return opportunities that will help the state create a workforce whose skills more closely align with the needs of employers, and help more of our workers access better jobs in order to provide for themselves and their families.

#### 1. Increase Wisconsin Higher Education Grants for Technical College Students (WHEG-Tech)

Employers increasingly need workers with postsecondary credentials, whether in the form of technical diplomas, occupational associate degrees or more. Unfortunately, need-based financial aid for those attending the state's technical colleges – institutions whose programs are particularly relevant to working adults – has not kept pace with the increased cost of attending. For example, ten years ago the average WHEG-Tech award was \$740. In 2006-07, it was \$697. Meanwhile, tuition has steadily risen during that time – averaging 5.5 percent annually over the last ten years. Not only has WHEG-Tech failed to keep pace with cost increases, but significant numbers of students (2,300 in 2006-07) who are eligible for need-based aid do not receive it because the funds run out early in the fall semester. This is an especially acute problem for technical college students, as large numbers of them do not follow the traditional fall-semester enrollment period, but rather enroll at various times throughout the year.

**Cost and Impact of Recommendation:**

*Assuming an average annual WHEG award of \$750, \$4.5 million in additional funds over the biennium would provide need-based aid to an additional 4,000 students over the next two years. More students would be served if students receiving aid in 2009-2010 do not require aid for a second year, a common occurrence at the technical colleges, where many programs take less than two years to complete.*

**2. Implement Opportunity Grants**

Even with increased investments in the state's need-based financial aid programs, many working adults will still be shut out of valuable programs at our technical colleges because they can't afford them. The eligibility requirements of our traditionally-designed financial aid tools serve to keep them out. For example, in order to qualify for a WHEG grant through the state, students must carry at least a half-time course load, something many working adults are unable to maintain. *Opportunity Grants* are a proposed new financial aid tool that can help fix that problem. Based on similar programs in a number of other states, *Opportunity Grants* would be available to students who do not otherwise qualify for financial aid and who wish to enter high-demand postsecondary occupational programs such as those in the health care and advanced manufacturing industries.

**Cost and Impact of Recommendation:** *An investment of \$1.5 million in Opportunity Grants over the biennium with grants of \$1,000 per student per year would serve an additional 1,000 students over the biennium. Again, more students would be served if students receiving aid in 2009-2010 do not require aid for a second year.*

**3. Fund Skills Jump Start Pilots (“bridge program” pilots at technical colleges)**

Many adults who recognize the changing labor market and the need to obtain postsecondary credentials and higher skill levels are unable to enter directly into the available postsecondary occupational programs because they don't test high enough. This is true for many potential students whether they have a high school diploma or not. For this large population, “bridge programs” represent a proven approach to helping them with both their job skills and their academic skills simultaneously. Bridge programs have proven successful in other states, and many individual technical colleges in Wisconsin are interested in or have proposed bridge programs or bridge-type efforts. While implementation is initially more costly than traditionally-provided basic education and workforce training, the results from other states suggest the investment is well worth it.

For example, when tested in Washington State, bridge program participants were five times more likely to earn college credit and 15 times more likely to complete workforce training. Officials in Washington State have since replicated the programs statewide based on the successful pilots.

**Cost and Impact of Recommendation:** *State officials have proposed Skills Jump Start Pilots at a cost of \$400,000 over the biennium. It is difficult to estimate the numbers of students who would be served by the pilot projects – a number of cost variables would have to be assumed that likely vary from college to college including the amount of planning time required and the number of staff engaged (administrative, counselors and instructors).*