



# Willing and Able, But Not Eligible

## Filling State Financial Aid Eligibility Gaps to Meet the Needs of Workers Who Study

In today's knowledge-based economy, a high value is placed on postsecondary education and credentials. College graduates now earn 75 percent more than those with a high school diploma.<sup>1</sup> Twenty-five years ago, the difference was 40 percent. There are fewer jobs available than there once were that allow someone with no postsecondary schooling—whether leading to a technical diploma, associate's degree or more—to earn a decent wage and to provide adequately for themselves and their families. A young person fresh out of high school, a single mother stuck in a low-wage job and a recently dislocated auto worker all face the reality of a labor market that increasingly demands post-high school education and credentials.

Postsecondary opportunities come at a cost, however, and while programs at Wisconsin's technical colleges, two-year colleges, and universities often rank as affordable compared to postsecondary programs in other states, college costs continue to rise steadily.

Financial aid tools, meanwhile, are typically designed with the traditional student in mind: young and likely without dependents, able to take a heavy course load and, in general, able to commit all or much of their time and resources to their studies. Many working adults needing to gain additional skills and credentials are in a much different situation. For example, because many adults need to keep working in order to pay mortgages, put food on the table, and otherwise provide for their families while they attend school, they often do not carry a sufficient course load to qualify for financial aid. Other eligibility barriers exist as well.

Without financial assistance, many working adults cannot afford postsecondary programs no matter how valuable participation may be to their future earnings and their family's long-term economic success.

These developments are not unique to Wisconsin. Recognizing the increased demand for a more highly skilled workforce and the changing requirements of jobs that pay a family-supporting wage, a number of states have already responded by examining their financial aid systems and making adjustments. In some cases, they expanded eligibility for existing financial aid tools. In others, policymakers created new financial aid tools targeted to the needs—and enrollment behavior—of working adults.

In this brief, we look at the rising importance of “non-



traditional” students, current gaps in Wisconsin's financial aid efforts, and then consider a few examples of what other states are doing to meet the needs of working adults, a group that will only grow in importance in coming years. We then offer two recommendations for how Wisconsin policymakers can fill financial aid eligibility gaps and catch up in the dynamic and increasingly competitive race to match worker skills with evolving employer needs.

### Why “Nontraditional” Student Success Matters so Much

Discussions of workforce development and skill shortages often turn to our K-12 education system. The K-12 curriculum and how well schools foster transitions to postsecondary programs or workforce training programs are no doubt important to the development of a skilled workforce. Demographic trends, however, indicate that in order to meet the needs of the state's employers in the coming years, we will also have to address the education and skill levels of the state's existing workers—those already beyond the reach of our K-12 system. And it is becoming clear how big a job that will be.

According to the Center on Law and Social Policy, nationally, about two thirds of our 2020 workforce has already exited the K-12 system.<sup>ii</sup> Put another way, the 50 million people in the workforce right now who are aged

18 to 44 equals the next 17 years of high school graduating classes. Therefore, matching the skills of those already in the workforce with employers' needs—needs that are trending toward higher skill levels—will be critical to increased productivity, wage gains and overall business and family success in the global economy. This challenge has been described in a number of ways, from having to “grow your own” workforce to the governor of Michigan’s exhortation to “leave no worker behind.”

Part of the solution to this challenge is programmatic. We know, for example, that there are ways to foster more transitions from basic and remedial education programs—typically required of those who either never earned their high school credential or GED as well as many who have been out of school for some time—to postsecondary programs.<sup>iii</sup> It has also been shown that many low-skilled adults returning to the classroom or shop to improve their skills and gain a credential need additional counseling or other student supports in order to succeed. Access to financial aid is also a critical part of the solution.

### Current Financial Aid Eligibility Gaps in Wisconsin

Wisconsin’s primary need-based financial aid tool is the Wisconsin Higher Education Grant (WHEG). State funds are appropriated to the WHEG program every two years in the biennial state budget, and are parceled out through three separate allocations to technical college students, University of Wisconsin students, and tribal college students.

To be eligible for a WHEG grant, a student must be enrolled at least half time at an accredited higher educational institution in an approved program of study.<sup>iv</sup> Students may receive WHEGs for up to ten semesters. Applicants file the standard federal financial aid form (FAFSA) in order to determine their income eligibility for this need-based aid program. These criteria—established in the spring of 1978, over thirty years ago—may sound reasonable at first, but the eligibility gaps become obvious when thinking about the situation many working adults find themselves in.

Because many adults returning to the classroom are working, their wages may immediately disqualify them for need-based aid. These earnings, however, due to the additional costs of providing for their family, such as child care and transportation, may not produce sufficient *expendable* income for them to afford a postsecondary program without financial aid.

Also, a number of workforce training programs aimed at nontraditional students are non-credit, which typically

means they are not “approved programs of study” for financial aid purposes.

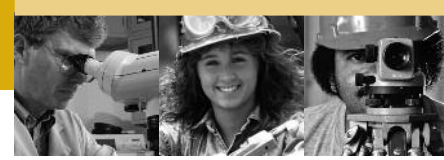
Another impediment, and perhaps the one most relevant for working adults, is the requirement that they attend at least half time (six credits). While this would constitute a light course load for traditional students, it is often not achievable by those who have to remain employed. Working students must balance their course load with family and work obligations. Required courses that fit a working student’s schedule may also be limited during some semesters. And a working student, especially one who has been out of school for some time, may choose to take a light course load in order to ensure their success in that course and program.

Recent news coverage has highlighted the shortcomings of current state financial aid eligibility requirements, specifically describing the “at least half time” requirement as the most significant barrier for adults who need and want to attend postsecondary programs.<sup>v</sup>

Another financial aid eligibility gap exists because undocumented students (undocumented immigrants and their existing children not born in the United States), regardless of their actual residency experience, high school performance, or career ambitions, are simply not eligible for state financial aid. This gap is not unique to Wisconsin. Nationally, about 65,000 undocumented students graduate from U.S. high schools annually. Only three states currently offer state financial aid access to them. Ten states—with a mix of Republican and Democratic leadership—now offer in-state tuition rates to undocumented students. Wisconsin is not among them.<sup>vi</sup>

These gaps in the state financial aid system do not necessarily mean that the WHEG program itself should be altered. The eligibility gaps in our financial aid system, or at least some of them, may more effectively be filled in other ways, using new, highly targeted financial aid tools. The need to retool the skills of existing workers, however, suggests that whether by creating new tools or reforming existing ones, these gaps need to be closed.





## Recent Financial Aid Developments Won't Necessarily Serve Workers Who Study

Much attention is being paid to financial aid issues in Wisconsin. Recent developments such as the Wisconsin Covenant and the Morgridge Scholars program<sup>viii</sup> have appropriately shone the spotlight on our financial aid system and the importance of attaining a college education. The Covenant is a promise to current K-12 students that if they perform well in school and meet certain other criteria, the state will provide them with a level of financial aid sufficient for them to attend college. Funds for the Morgridge Scholars program were donated in order to provide grants to full-time low-income students, and to then study the impact of that financial aid on student outcomes.

These are positive developments in that they will likely lead to a more robust financial aid system in the state, but they do not specifically address the financial aid needs of workers who study. Regardless of what comes of these efforts, large numbers of working adults will remain unserved by Wisconsin's financial aid programs unless other steps are taken.

## Other States Setting the Pace

Officials in several other states have taken steps to meet the financial aid needs of workers who study. The most common approach has been to extend financial aid eligibility to students attending less than half-time. Here are a few examples of these efforts:

- **Arkansas—Workforce Improvement Grant**  
Need-based aid available to students at least 24 years old and designed specifically for returning students who are not eligible for that state's traditional financial aid tools.
- **Georgia—HOPE Grant**  
Available for students in technical certificate or diploma programs, can also be used for remedial education costs, available to those studying less than half time.
- **Illinois—Monetary Award Program**  
The state's main need-based financial aid tool, available to those at less than half time status (3 credit minimum) studying at an approved college or university.
- **Massachusetts—Need-based Tuition Waiver Program**  
Students must be enrolled for at least 3 credits in a degree or certificate program, and not have earned a bachelor's degree or equivalent in the past.
- **Minnesota—State Grants**  
This state's primary need-based financial aid tool, available at most institutions of higher education, it is also

available to those taking a course load of 3 credits.

- **Washington State—Opportunity Grants**  
Grants are targeted to training in critical, high-demand occupations, colleges are also provided with additional funds to provide enhanced student supports to low-income, low-credentialed students, available to those studying less than half time.

These states have been able to improve their competitiveness in the race to match employer needs and worker skills by making these financial aid eligibility changes. At this point, Wisconsin lags behind.

## Recommendations

The need to fill the state's financial aid eligibility gaps is clear. The skilled worker shortages experienced by the state's employers, changing demographics and the rising importance of "nontraditional students" make reform mandatory. Finding ways to bring more of the existing workforce into postsecondary programs is a critical economic development challenge facing the state. To that end we recommend the following steps be taken:

### 1. Implement *Opportunity Grants*.

Governor Doyle, in his *Grow Wisconsin, the Next Steps* economic development plan, recommended a new financial aid tool modeled on the Washington State Opportunity Grant program described above. The need-based aid—in the form of \$1,000 grants—would be available to students who would otherwise not qualify for financial aid and who want to enter critical, high-demand occupational programs at the state's technical colleges. We recommend that opportunity grants be included in the upcoming 2009-2011 state budget.

### 2. Explore costs and benefits of eligibility changes to the state's large-scale financial aid programs.

Opportunity Grants represent a highly targeted yet somewhat limited approach to serving the financial aid needs of adult workers who study. State leaders should also explore options for broadening access to financial aid in Wisconsin for working adults by examining the likely costs and benefits of a number of eligibility reforms to its existing financial aid tools, including:

- removing the "at least half time" requirement from the WHEG program;
- increasing the upper income limit for those applying for financial aid;



- expanding the list of costs used to compute an applicant's cost of attending to include, for example, child care and transportation; and
- allowing undocumented graduates of Wisconsin high schools who meet common residency criteria to be eligible for state financial aid.

### Conclusion

These changes would not solve the state's skill shortages, but they will help. More workers will be able to access and complete valuable postsecondary programs, providing our employers with more skilled workers, helping their ability to expand, invest in new equipment, and perhaps create new jobs. Families in turn will reap the gains associated with higher education levels, and the many positive outcomes that come from increased economic security.

### 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.

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

<sup>i</sup> Duke, Amy-Ellen and Julie Strawn. *Overcoming Obstacles, Optimizing Opportunities: State Policies to Increase Postsecondary Attainment for Low-Skilled Adults*. Center on Law and Social Policy prepared for Breaking Through. March 2008.

<sup>ii</sup> Duke, *Overcoming Obstacles*, 5.

<sup>iii</sup> Significant research has been conducted on the effectiveness of "bridge" programs. For a thorough description of bridge programs see *Bridges to Careers for Low Skilled Adults, A Program Development Guide*, produced by *Women Employed*, the Chicago Jobs Council, and UIC Great Cities Institute, available at <http://www.womenemployed.org/docs/BridgeGuideFinal.pdf>

<sup>iv</sup> Wis. Stats, Ch. 39 Higher Educational Agencies and Education Compacts, Subchapter III, Higher Educational Aids Board, 39.435 Wisconsin Higher Education Grants and Talent Incentive Grants.

<sup>v</sup> LaRoi, Heather. *Older College Students face financial hurdles: Non-traditional students more likely to be dealing with children, mortgages and full-time jobs*. Wisconsin State Journal. June 3, 2007.

<sup>vi</sup> Russell, Alene. *In-State Tuition for Undocumented Immigrants: States' Rights and Educational Opportunity*. American Association of State Colleges and Universities. August 2007.

<sup>vii</sup> For a brief description of the effort in a statement from the University of Wisconsin, go to <http://www.news.wisc.edu/14572>

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