



Legislative Fiscal Bureau

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Joint Committee on Finance

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Technical and Occupational Program Grants (WTCS)

[LFB 2001-03 Budget Summary: Page 713, #3]

CURRENT LAW

The technical and occupational program (TOP) grant was established in 1999 Act 9 to provide \$500 annual tuition grants to recent high school graduates attending a technical college district. To be eligible for a TOP grant, a student must be enrolled in an associate degree or vocational diploma program as a first-year student and on a full-time basis. In addition, they must enroll in a technical college within three years of graduating from a Wisconsin high school and maintain a 2.0 GPA while in technical college. Students who meet these requirements are entitled to a \$500 annual grant for up to two years to defray a portion of the costs of tuition and fees.

In 2000-01, base funding of \$6,600,000 GPR is provided in a sum certain appropriation.

GOVERNOR

Provide \$400,000 GPR in 2001-02 and \$1,500,000 GPR in 2002-03 to fund anticipated increases in the number of eligible students for TOP grants.

DISCUSSION POINTS

1. The technical and occupational grant program was not requested by WTCS in its 1999-01 budget submission, nor was it included in the Governor's 1999-01 budget, the budget of the Joint Committee on Finance, the budget that was adopted by the Assembly or that of the Senate. The program was first advanced during deliberations of the 1999-01 budget Conference Committee and enacted into law as part of the 1999-01 budget act.

2. The TOP grant was implemented by WTCS and first became available to students in 2000-01. Based on current estimates from the technical college districts, approximately 6,500 students received TOP grants during the fall semester and 5,200 students will receive the grant during the spring semester, for a total of 11,700 semester grants during the 2000-01 academic year. At \$250 per semester grant, approximately \$2,925,000 in TOP grants will be awarded to first-year students in 2000-01.

3. The success of the program in attracting and retaining students for the technical college districts is not yet known. According to WTCS, in its first year the program was not heavily promoted early in the recruitment process due to delays in passage of the 1999-01 budget. As a result, the participation level was lower than anticipated. However, WTCS district recruiters and counselors anticipate that the program will be effective in recruiting recent high school graduates and increasing the number of these students taking classes full-time.

4. The Governor's budget would provide an additional \$400,000 GPR in 2001-02 and \$1,500,000 GPR in 2002-03 to fund TOP grants for 14,000 students in 2001-02 and 17,000 students in 2002-03. The proposed funding level assumes that the current TOP grant recipients would continue to receive grants for a second year and that an additional 8,000 incoming students would be eligible for TOP grants. WTCS expects the number of TOP grant recipients to increase as current students become eligible for a second year TOP grant and as awareness of the program grows among recent high school graduates.

5. Since TOP grants have only been available to students for one year, there is uncertainty regarding the total number of students that would be eligible for the grants during the 2001-03 biennium. Between the fall semester and spring semester, the number of program participants fell by approximately 1,300 students, a 20% decline. According to WTCS staff, the decline was largely a result of students leaving the technical college system or no longer meeting the program requirements.

6. Based on current participation, funding of \$6,600,000 in 2001-02 and \$7,500,000 in 2002-03 should be sufficient for TOP grant awards, which would represent a reduction of \$400,000 in 2001-02 and \$600,000 in 2002-03 from the bill. The reduced funding would fund grants for an estimated 13,200 students (5,200 continuing and 8,000 new) in 2001-02 and an estimated 15,000 students (7,000 continuing and 8,000 new) in 2002-03. One option to ensure that the program is fully funded, even if demand would exceed these projections, would be to modify the program's appropriation to be a sum sufficient, rather than a sum certain appropriation as under current law. This would allow all students to receive full payment of the grant, regardless of the actual level of demand.

7. It could be argued that the TOP grant program is inequitable in that it only provides funding for full-time, recent high school graduates regardless of financial need. Most technical college students are part-time, nontraditional students; TOP grants do not benefit this population of students. Currently, the largest portion of state aid available to all technical college students is the need-based Wisconsin higher education grants (WHEG) administered by the Wisconsin Higher

Education Aids Board (HEAB). In 1999-00, 15,173 WTCS students or approximately 19% of resident undergraduate technical college students enrolled at least half-time received WHEG grants; the average grant was \$748. The Governor's budget would not provide any increase in funding during the 2001-03 biennium for the WHEG grant program; funding would remain at \$13,201,900 annually. Additional funding for the WHEG program would increase the average grant award for students with financial need and for a broader student population than the TOP grants.

8. Another criticism of the TOP grant program is that it creates additional demand on technical college programs at a time when many districts have waiting lists for popular programs due to limited resources available for program expansion and development. Waiting lists currently are most common in information technology, health care and apprenticeship programs. Currently, \$2.2 million GPR of annual funding is specifically available for grants to technical college districts for additional course sections in areas of high demand. According to WTCS, districts requested more than \$6 million to fund additional courses in 2000-01.

9. If funding for the TOP grants were eliminated or phased out during the 2001-03 biennium, more funds would be available for need-based grants to students or grants to districts for additional courses. Immediately eliminating the program would reduce proposed spending in the Governor's budget by \$7,000,000 in 2001-02 and \$8,100,000 in 2002-03. However, this would involve denying grants to students who enrolled last year with the expectation that a second year of grants would be funded, as well as first year students that will apply for 2001-02 before the budget bill is enacted. If, instead, the program were closed to new students beginning in 2002-03, funding could be reduced by an estimated \$4,600,000 GPR in 2002-03. Phasing out the program recognizes that the WTCS districts, through admissions and financial aid allocations for 2001-02, have committed to continuing the TOP grant program for new and continuing students. Under this option, both first and second year students would remain eligible in 2001-02. In 2002-03, continuing second year students would continue to receive grants while no new students would be eligible. Beginning in 2003-04, the program would be eliminated.

10. Similarly, limiting the TOP grant program to just first year students would reduce spending by an estimated \$4,100,000 GPR in 2002-03. This option would grandfather continuing students during the 2001-02 academic year, but new students would no longer be eligible for grants during their second year. This option would continue the TOP grant program as a tool in recruiting students to the technical college districts shortly after graduation from high school.

ALTERNATIVES

1. *Approve Governor's Recommendation.* Approve the Governor's recommendation to provide \$400,000 GPR in 2001-02 and \$1,500,000 GPR in 2002-03 to fund anticipated increases in the number of eligible students for TOP grants.

2. *Reestimate Program Demand.* Modify the Governor's recommendation by reducing funding by \$400,000 in 2001-02 and \$600,000 in 2002-03, to reflect lower projections of

participation in the program.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$1,000,000

3. *Eliminate Program After 2000-01.* Modify the Governor's recommendation by eliminating the TOP grants program immediately. Delete \$7,000,000 in 2001-02 and \$8,100,000 in 2002-03.

<u>Alternative 3</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$15,100,000

4. *Phase-Out Program After 2001-02.* Modify the Governor's recommendation by specifying that the TOP grants program would be closed to new grant recipients beginning in 2002-03 and would be eliminated on June 30, 2003. Reduce funding by \$400,000 in 2001-02 to reflect lower projections of participation in the program in that year. Reduce funding by \$4,600,000 in 2002-03, because only second year students continuing from 2001-02 would receive grants in 2002-03. Under this alternative only continuing students would receive funding in 2002-03 and the program would be eliminated at the end of that year.

<u>Alternative 4</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$5,000,000

5. *Limit Eligibility to One Year of Grants.* Modify Governor's recommendation by limiting the award under TOP grants to one year rather than two beginning in 2001-02. Reduce funding by \$400,000 in 2001-02 to reflect lower projections of participation in the program in that year. Reduce funding by \$4,100,000 in 2002-03, because only first-year students would receive grants in 2002-03. Under this alternative, the program would be restructured to offer only one year of TOP grants, beginning with students who first participate in the program in 2001-02.

<u>Alternative 5</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$4,500,000

6. *Maintain Current Law.* Continue program funding at its base level of \$6,600,000 annually, which would reduce funding by \$400,000 in 2001-02 and \$1,500,000 in 2002-03 from the bill.

<u>Alternative 6</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$1,900,000

7. *Sum Sufficient Appropriation.* Modify any of the above alternatives, where relevant, to specify that the appropriation for the WTCS TOP grants would be sum sufficient.

8. *Transfer Funding to WHEG-TCS.* Modify alternatives two through six to redirect the reduced funding amount for TOP to the Higher Educational Aids Board appropriation for WHEG-TCS grants in order to increase total funding for need based grants for technical college students. Divide the available funding amounts between 2001-02 and 2002-03 to generate equal annual percentage increases over prior year funding in the WHEG-TCS appropriation.

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