

Fiscal Estimate Narratives

WTCS 10/2/2013

LRB Number	13-3026/3	Introduction Number	AB-0398	Estimate Type	Original
Description Technical excellence higher education scholarships, granting rule-making authority, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

AB 398 creates a new "Technical Excellence Higher Education Scholarship program" administered through the Higher Education Aids Board and available for use at a Wisconsin Technical College. The new scholarship program would parallel the Academic Excellence Higher Education Scholarship program in determining the number and amounts of scholarships awarded, the duration for which a scholarship may be awarded (3 years), the conditions for continued receipt of a scholarship and the institutional match requirement.

Last year, 874 Academic Excellence Higher Education scholarships were available for high school seniors to use at a Wisconsin postsecondary institution. Because the new Technical Excellence Higher Education Scholarship program uses the same process to determine number of scholarships, 874 Technical Excellence Higher Education Scholarships would be available for Wisconsin high school seniors to use at one of the 16 Wisconsin Technical Colleges.

The scholarships have a maximum value of \$2,250, one-half of which is funded through a sum-sufficient appropriation created by the bill. The other half (or \$1,125) of the scholarship must be paid by the local technical college that participates in the program and in which scholarship recipients choose to enroll.

Assuming that all 874 available scholarships are used, local technical colleges would incur scholarship costs of \$983,250 in the first year of the program. Assuming all 874 grants are used each year, annual program costs incurred by local Wisconsin Technical Colleges would increase in year two to \$1,966,500 and to \$2,949,750 in year three.

One factor that could reduce the number of available scholarships (and thus the program costs incurred by Wisconsin Technical Colleges) is the extent to which not all Wisconsin high schools offer technical courses for which proficiency can be certified, as required by the bill. It is not clear how many high schools may not offer technical courses that meet the requirements of the bill and thus would not have high school seniors who are eligible for these new grants.

Long-Range Fiscal Implications

Students may use Technical Excellence Higher Education Scholarship grants for up to three years and each year, a new set of high school seniors qualifies for these grants.

The maximum number of scholarships that would be available by year three would be 2,622, assuming all 874 grants are used each year. If all grants were used each year, annual program costs incurred by local Wisconsin Technical Colleges would be \$2.95 million by year three.

It is possible that year three costs may not increase by the full amount as some students finish a program in year two, thus reducing the number of grant recipients who use the grant for the full-three years for which they are eligible. If the number grant recipients using the grant in the third year drops, annual program costs would be somewhat less than the estimated \$2.95 million by year three. It is not possible to determine how many students who qualify for the technical excellence higher education scholarships may use the grant for less than the full three years for which they are eligible.