

Aerospace Training Student Loan Program: 2016 Annual Report

December 2016

BACKGROUND

This report is submitted pursuant to the requirements of RCW 28B.122.060(2), which directs the Washington Student Achievement Council (WSAC) to collaborate with the state's aerospace training and research programs to provide annual reports to the Legislature on the Aerospace Training Student Loan Program.

DESIGN AND IMPLEMENTATION

The Aerospace Loan Program (ALP) provides low-interest loans to students for tuition. ALP loans provide students with the opportunity to obtain training in an aerospace-related industry in less than two quarters.

Aerospace Loan Program Partners

Multiple entities were instrumental in establishing ALP and play critical roles in its operation:

- **Washington Aerospace Training and Research (WATR) Center:** Coordinates aerospace short certificate training programs. Currently provides training at Edmonds Community College.
- **Edmonds Community College Business Training Center:** Has administrative oversight of the WATR Center. Assists in registering ALP recipients into the WATR Center training certificate programs. All payments for the Edmonds CC training modules are sent to the Business Training Center.
- **Washington Student Achievement Council (WSAC):** Serves as ALP program administrator. Screens and selects applicants for the loan, collects and manages repayments, defines loan amounts and repayment terms, and sets the loan interest rate and annual loan limit.
- **Aerospace Futures Alliance (AFA):** Composed of aerospace industry members. Represents the concerns and issues of its members and provides industry advice as it relates to the design of loan recipient eligibility requirements.
- **Aerospace employers:** Includes Boeing and other aerospace suppliers. Act as consultants, particularly in regard to hiring practices and the design of loan recipient eligibility requirements.
- **Everett Community College:** Was authorized in the 2015 Legislative Session to participate as a site but has not done so.
- **Renton Technical College:** Has been an active participant under an agreement with Edmonds Community College and the WATR Center but expanded their role as a full participant in January, 2016 with expanded training capacity at their campus.

Current Issues

- **Program Delivery Changes**

- Renton began to enroll aerospace participants at their campus under their own FTE reporting beginning in January 2016. However, in late spring they ceased enrolling new students in the program as they underwent several personnel changes, while also revising all of their aerospace-related curriculum. At this time, Renton Technical College is not offering short-term certificate programs that qualify for the Aerospace Loan Program.

- **Reduced Program Demand**

- Application submission rates were drastically decreased in the first six months of the 2016-17 award year. A decrease was noticed at the Edmonds-WATR site, and no applications were received for the same period for the Renton Technical College program.
- According to community and technical college partners, enrollments were down throughout the community college system.
- Community and technical college partners indicate that the negative reflection of Boeing in the news for more than a year has caused people to seek different training and careers outside of aerospace.

- **Student Employment Survey Results**

- Based on the survey completed in November 2016, of participants for 2015 and 2016, the majority of participants indicated they were not successful in securing employment in the field.
- According to industry partners, the competition for employees—with many companies offering bonuses through seasonal hiring—made it difficult for aerospace-related employers to compete.

To protect the state's fiduciary interests, available funds are prioritized to the lowest-risk applicants (average-to-high credit scores or no credit). Those with credit issues are required to submit a cosigner application.

Eligibility Criteria for ALP Loans

An applicant must:

- Be a United States citizen or an eligible non-citizen.*
- Be 18 years of age or older.
- Be a high school graduate or have a GED.
- Have at least an 8th grade level of reading and math skills.
- Declare intent to work in the state of Washington in the aerospace industry.
- Have no felony convictions.
- Meet satisfactory academic progress program requirements to receive additional loan installments.
- Submit a cosigner application if applicant:
 - Has a credit history that falls below 600.
 - Has any open collection accounts.
 - Has a current lien(s).
 - Has filed for bankruptcy within the last seven years.
 - Is delinquent on any state or federal debt.
 - Is not current on child support payments.

* Non-citizen eligibility:

- U.S. nationals (including natives of American Samoa or Swain's Island) are **eligible**.
- U.S. permanent residents who have an I-151, I-551, or I-551C (Permanent Resident Card) are **eligible**.
- Persons having only a Notice of Approval to Apply for Permanent Residence (I-171 or I-464) are **not eligible**.
- Persons in the United States on certain visas, including an F1 or F2 student visa, or a J1 or J2 exchange visitor visa are **not eligible**.
- Persons with G series visas (pertaining to international organizations) are **not eligible**.

APPLICATION PROCESS

ALP application materials are available at www.readysetgrad.org/ALP. Completed applications are mailed to WSAC. Loans are made on a first-come, first-served basis to eligible applicants who submit completed applications.

Students with other financial aid resources, such as veterans' benefits or employer assistance, are not eligible for ALP. Credit reports and criminal background checks are run on all ALP applicants in order to determine eligibility. Applicants who have derogatory credit must secure a cosigner to continue pursuing the loan. Applicants who have a felony are not eligible for the loan.

Table 1 shows application history for ALP. Of all completed applications submitted through 2015-16 (n = 769), 62 percent have received a loan (n=473).

Table 1: ALP Application History

Academic Year	Loan Applicants Funded*	Loan Applicants not Funded	Total Loan Applications
2011-12	50	63	113
	44%	56%	
2012-13	185	140	325
	57%	43%	
2013-14	62	25	87
	72%	28%	
2014-15	116	52	168
	69%	31%	
2015-16	60	16	76
	79%	21%	

*Reasons applicants were not funded include: depletion of available funds (2011-12 only); declined awards or failure to enroll; other.

APPLICANT PROFILES

Table 2 provides demographic information for the students who submitted ALP applications from 2011-12 through 2015-16. The majority of applicants were younger than age 35 and were predominantly Caucasian males.

Table 2: Demographic Profiles of ALP Applicants

Number of Applicants	2011-12	2012-13	2013-14	2014-15	2015-16
Total Applications	50	325	87	168	76
Age					
18-25	48%	41%	55%	44%	41%
26-35	18%	35%	22%	36%	31%
36-45	28%	16%	17%	14%	20%
46 and over	6%	8%	7%	6%	8%
Gender					
Male	86%	84%	91%	74%	74%
Female	14%	16%	9%	26%	26%
Ethnicity					
African-American	16%	7%	8%	9%	7%
Alaska-Native	2%	1%	0%	1%	0%
Asian-Pacific Islander	8%	8%	6%	12%	32%
Chinese	0%	1%	1%	1%	0%
Filipino	10%	4%	2%	8%	1%
Korean	4%	4%	6%	5%	0%
Vietnamese	2%	6%	6%	9%	0%
White Caucasian	48%	40%	47%	41%	44%
Other	2%	6%	10%	6%	12%
No Response	8%	23%	15%	8%	4%

EMPLOYMENT STATUS AFTER CERTIFICATION

WSAC conducted an employment survey of ALP recipients in November 2016. The survey was sent to 60 borrowers who received loans between 2015 and 2016 and who had either completed their program or ceased enrollment. This represents all participants not previously surveyed who were either in their grace period or in repayment. The response rate was very low. Twenty-seven percent (n=16) responded to the survey. Of the respondents, 75 percent (n = 12) were employed. Of those who were employed, 25 percent (n = 3) had secured employment in the aerospace field. One was an Assembly Mechanic and two were in electrical.

For ALP borrowers unable to obtain employment, the key challenges—including lack of job experience and lack of job openings—are shown in Table 3.

The small sample size of the ALP program may give an inaccurate impression of employment outcomes. Stronger employment outcomes are described in the 2015 Aerospace Manufacturing Skills Annual Report¹—produced jointly by the Workforce Training and Education Coordination Board and the State Board for Community and Technical Colleges—which provides employment data for those trained in community and technical college aerospace programs. For example, 30 percent of graduates of aerospace programs were found to be working in aerospace and related industries one year after their training.

Table 3: Examples of Employment Barriers from ALP Survey Responses

<i>Employment Barriers (multiple choices allowed)</i>		
Lack of job experience	5	39%
Certification not enough to be competitive in job market	3	23%
Jobs they qualified for offered wages that were too low	5	39%
Lack of job openings	8	62%
Other	1	8%

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¹ <http://www.wtb.wa.gov/Documents/2015AerospaceReport.pdf>