

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary							
Fund	2004-05 Base Year Doubled	2005-07 Governor	2005-07 Jt. Finance	Joint Finance Change to:			
				Governor		Base	
				Amount	Percent	Amount	Percent
GPR	\$143,690,800	\$199,155,200	\$193,072,100	-\$6,083,100	- 3.1%	\$49,381,300	34.4%
FED	2,792,800	3,415,800	3,415,800	0	0.0	623,000	22.3
PR	32,450,800	2,385,200	2,385,200	0	0.0	- 30,065,600	- 92.6
SEG	<u>155,600</u>	<u>153,200</u>	<u>0</u>	<u>- 153,200</u>	- 100.0	<u>- 155,600</u>	- 100.0
TOTAL	\$179,090,000	\$205,109,400	\$198,873,100	-\$6,236,300	- 3.0%	\$19,783,100	11.0%

FTE Position Summary					
Fund	2004-05 Base	2006-07 Governor	2006-07 Jt. Finance	Joint Finance Change to:	
				Governor	2004-05 Base
GPR	10.36	9.86	11.86	2.00	1.50
SEG	<u>0.64</u>	<u>0.64</u>	<u>0.00</u>	<u>- 0.64</u>	<u>- 0.64</u>
TOTAL	11.00	10.50	11.86	1.36	0.86

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

GPR	\$79,300
SEG	<u>- 2,400</u>
Total	\$76,900

Governor/Joint Finance: Adjust the base budget by \$38,300 GPR and -\$1,200 SEG in 2005-06 and \$41,000 GPR and -\$1,200 SEG in 2006-07 for: (a) full funding of salaries and fringe benefits (\$35,300 GPR and -\$1,200 SEG annually); and (b) reclassifications (\$3,000 GPR in 2005-06 and \$5,700 GPR in 2006-07).

2. FUNDING AND POSITION REDUCTIONS

	Funding	Positions
GPR	-\$53,200	- 0.50

Governor/Joint Finance: Delete \$26,600 and 0.50 position annually related to the following: (a) reduce office management

specialist position from 1.0 to 0.5 position (\$21,600 annually and 0.5 position); and (b) reduce office space by 270 square feet and reduce office lease payment (\$5,000 annually).

3. WHEG-UW PROGRAM FUNDING INCREASE AND DELETE PR FUNDED WHEG-UW APPROPRIATION [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$47,501,300	-\$11,017,100	\$36,484,200
PR	<u>- 30,065,600</u>	<u>0</u>	<u>- 30,065,600</u>
Total	\$17,435,700	-\$11,017,100	\$6,418,600

Governor: Provide \$20,556,400 GPR in 2005-06 and \$26,944,900 GPR in 2006-07 and reduce funding by \$15,032,800 PR annually to replace base funding provided to the Wisconsin higher education grant (WHEG) program from the UW System auxiliary reserve. Delete the program revenue appropriation for the WHEG-UW program related to the 2003-05 auxiliary reserve transfer. Under 2003 Act 33, funding was provided for WHEG-UW from the UW System's auxiliary enterprises. In 2004-05, \$34,959,600 was provided for WHEG-UW grants with \$19,926,800 GPR and \$15,032,800 PR. This provision would increase total funding by 15.8% in 2005-06 to \$40,483,200 and an additional 15.8% increase in 2006-07 to \$46,871,700, as shown in the following table:

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
GPR	\$19,926,800	\$40,483,200	\$46,871,700
PR	<u>15,032,800</u>	<u>0</u>	<u>0</u>
Total	\$34,959,600	\$40,483,200	\$46,871,700
Change to Prior Year (All Funds)			
Amount		\$5,523,600	\$6,388,500
Percent		15.8%	15.8%

In addition, modify the statutory base funding reference for calculating future WHEG-UW GPR sum-sufficient appropriation increases to reflect total funding provided under the Governor's provision in 2005-06 and 2006-07. Under 2001 Act 109, WHEG-UW funding increases were linked to the highest prior year increase for resident undergraduate tuition at any UW System institution, and the appropriation was modified from a biennial sum certain to a sum sufficient appropriation starting in 2003-04. Under 2003 Act 33, the link between prior year percentage increases in UW System undergraduate tuition and GPR funding for WHEG-UW grants was suspended until 2005-06. In 2004-05, the highest UW System resident undergraduate tuition increase was 15.8%. The Governor's budget estimates that the resident undergraduate tuition would increase by 5.9% in 2005-06; however, additional funding beyond

the 5.9% necessary for the sum-sufficient appropriation increase would be provided for WHEG-UW grants in 2006-07.

Joint Finance: Reduce funding by \$3,426,000 GPR in 2005-06 and \$7,591,100 GPR in 2006-07, which would provide 6% annual increases in total funding. In addition, modify the current law WHEG-UW sum sufficient link to provide an increase equal to the estimated average current year percentage increase for resident undergraduate tuition at UW System institutions. In addition, modify the statutory base funding reference for calculating future sum-sufficient appropriation increases to reflect total funding of \$37,057,200 GPR provided in 2005-06 and \$39,280,600 GPR provided in 2006-07.

4. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS [LFB Paper 440]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$745,000	\$1,985,800	\$2,730,800

Governor: Provide \$250,000 in 2005-06 and \$495,000 in 2006-07 to increase funding for the WHEG program for technical college students by 1.7% in 2005-06 and 1.6% in 2006-07. Total funding would increase from \$14,874,000 in 2004-05 to \$15,124,000 in 2005-06 and \$15,369,000 in 2006-07.

Joint Finance: Provide \$642,400 in 2005-06 and \$1,343,400 in 2006-07 additional funding for the WHEG-WTCS program, which would provide total funding increases of 6% annually.

5. WHEG TUITION GRANT -- MAXIMUM AWARD

Governor: Increase the maximum grant award for the WHEG grant recipients from \$2,500 to \$3,000 for any academic year, effective beginning with WHEG grants awarded for the 2005-06 academic year. The WHEG program provides grants to resident undergraduate students enrolled at least half-time at UW, technical college institutions, and tribal colleges located in Wisconsin. Under current law, eligible students may receive grants of \$250 to \$2,500 per year for no more than 10 consecutive semesters.

Joint Finance: Delete provision.

6. TUITION GRANT PROGRAM [LFB Paper 441]

	Governor (Chg. to Base)	Jt. Finance (Chg. to Gov)	Net Change
GPR	\$1,110,000	\$2,948,200	\$4,058,200

Governor: Provide \$370,000 in 2005-06 and \$740,000 in 2006-07 to increase funding for the tuition grant program by approximately 1.7% annually. Total funding would increase from \$22,103,700 in 2004-05 to \$22,473,700 in 2005-06 and \$22,843,700 in 2006-07.

The tuition grant program provides need-based grants to resident undergraduates who attend private, nonprofit postsecondary institutions in Wisconsin.

Joint Finance: Provide \$956,200 in 2005-06 and \$1,992,000 in 2006-07 for the TG program, which would provide total funding increases of 6% annually.

7. REESTIMATE MINNESOTA WISCONSIN RECIPROcity EXPENDITURES GPR \$5,800,000

Governor/Joint Finance: Provide \$2,900,000 annually above the base level of \$3,200,000 to reflect estimated tuition reciprocity payments to Minnesota during the 2005-07 biennium. Over the past few years Wisconsin has made a reciprocity payment to Minnesota, the 2002-03 payment was \$3,106,725 and the 2003-04 payment was \$6,163,200. In recent years the reciprocity payment has increased because tuition charged to Minnesota residents continues to be higher than Wisconsin resident tuition and there is higher participation by Wisconsin residents attending Minnesota schools under the reciprocity program. The increased payment to Minnesota is partially offset by greater GPR-Earned from the program through the tuition differential charged to Minnesota students attending UW-System institutions. In 2003-04, GPR-Earned from the Minnesota students attending UW-System was \$7.7 million; with the reciprocity payment to Minnesota, net revenue for Minnesota-Wisconsin tuition reciprocity was \$1.5 million. For the 2005-07 biennium, GPR-Earned under the UW System from this source is projected at \$8.3 million annually.

8. MAINFRAME UPGRADE PROJECT [LFB Paper 442]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR	\$255,000	0.00	\$0	2.00	\$255,000	2.00

Governor: Provide \$134,100 in 2005-06 and \$120,900 in 2006-07 to fund mainframe computer upgrades. These upgrades would update the current system and make it easier to adapt to future programming changes. Under the bill, this funding is included in the tuition grant appropriation; a technical correction to shift this funding to the proper appropriation is needed.

Joint Finance: Modify the Governor's provision to authorize 2.0 two-year project positions in HEAB's general program operations appropriation starting in 2005-06.

**9. WISCONSIN HEALTH EDUCATION ASSISTANCE
LOAN REPAYMENT TRANSFER [LFB Paper 443]**

Funding Positions		
GPR-REV	\$1,002,000	
SEG	-\$153,200	- 0.64

Joint Finance: Require the Higher Educational Aids Board to transfer to the general fund in 2005-06 the available balance of funds related to Wisconsin health education assistance loan (WHEAL) repayments and require that the bank account for WHEAL loan repayments be closed and that the loan repayments shall be deposited to the general fund. In addition, delete 0.64 SEG position and \$76,600 SEG annually related to the administration of the WHEAL repayments. The current WHEAL repayment account balance is approximately \$906,000, an additional \$48,000 annually in estimated WHEAL principal and interest will be collected during the 2005-07 biennium.

**10. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP
PROGRAM EXPENDITURES**

GPR	\$27,000
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Governor/Joint Finance: Provide \$13,500 annually to reflect a reestimate of the amount required to fully fund the GPR share of scholarships in the 2005-07 biennium for the academic excellence scholarship program. This program provides college scholarships to 12th grade students who have the highest grade point average in public and private high schools in the state. Students may attend the UW System, private nonprofit colleges or a Wisconsin Technical College. The maximum annual award is \$2,250, of which half is funded from this GPR sum sufficient appropriation and half is matched by the institution. Base funding of \$3,133,000 is currently provided for this program.

11. REESTIMATE FEDERAL REVENUES

FED	\$623,000
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Governor/Joint Finance: Provide \$311,500 annually above the base level of \$1,396,400 to reflect an anticipated increase in the amount of federal funding under the leveraging education assistance partnership (LEAP) grant program and the special leveraging educational assistance partnership (SLEAP) grant program. These federal monies are distributed to states on a formula basis and must be matched on a dollar-for-dollar basis with state funds. Federal monies from this program are combined with state funds under the talent incentive program (TIP). TIP grants are intended to encourage attendance in post-secondary educational institutions and are restricted to the most needy and educationally disadvantaged pupils. In 2003-04, total TIP expenditures were \$5,841,669 (\$4,454,329 GPR, \$1,387,340 FED).