

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2004-05 Adjusted Base	Request		2005-07 Change Over Base Year Doubled		2004-05	Request		2006-07 Over 2004-05	
		2005-06	2006-07	Amount	%		2005-06	2006-07	Number	%
GPR	\$71,845,400	\$93,164,100	\$98,677,200	\$48,150,500	33.5%	10.36	10.36	10.36	0.00	0.0%
FED	1,396,400	1,707,900	1,707,900	623,000	22.3	0.00	0.00	0.00	0.00	0.0
PR	16,225,400	1,192,600	1,192,600	- 30,065,600	- 92.6	0.00	0.00	0.00	0.00	0.0
SEG	<u>77,800</u>	<u>76,600</u>	<u>76,600</u>	<u>- 2,400</u>	<u>- 1.5</u>	<u>0.64</u>	<u>0.64</u>	<u>0.64</u>	<u>0.00</u>	<u>0.0</u>
TOTAL	\$89,545,000	\$96,141,200	\$101,654,300	\$18,705,500	10.4%	11.00	11.00	11.00	0.00	0.0%

Major Request Items

1. STANDARD BUDGET ADJUSTMENTS

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

Request adjustments to the base budget of \$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. WHEG-UW PROGRAM INCREASE

GPR	\$35,589,200
PR	<u>- 30,065,600</u>
Total	\$5,523,600

Request \$15,032,800 GPR in 2005-06 and \$20,556,400 GPR in 2006-07 and reduce funding by \$15,032,800 PR annually to replace base funding provided to the Wisconsin Higher Education Grant program from the UW System auxiliary reserve and increase funding for the WHEG-UW in 2006-07. In 2004-05, \$34,959,600 was provided for WHEG-UW grants with \$19,926,800 GPR and \$15,032,800 PR. The request would maintain total funding at the 2004-05 base level in 2005-06 and increase funding by 15.8% in 2006-07.

Under 2001 Act 109 (the 2001-03 budget adjustment bill), 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 2003-05 biennial budget bill), 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%. In agency budget documents, the UW

System staff estimate that the resident undergraduate tuition would increase by 10% in 2005-06 for purposes of determining the sum-sufficient appropriation increase. Under current law, the WHEG-UW appropriation would need to increase by an estimated \$3,148,400 in 2005-06 (15.8%) over GPR funding in 2004-05 and an estimated \$5,455,900 in 2006-07, which would represent a 10% increase in 2006-07 over 2005-06.

3. REESTIMATE MINNESOTA WISCONSIN RECIPROcity EXPENDITURES

GPR	\$12,200,000
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Request \$6,100,000 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 increased participation by Wisconsin residents attending Minnesota schools under the reciprocity program. The increased payment to Minnesota is partially offset by increased 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 \$7,683,400; with the reciprocity payment to Minnesota, net GPR-earned for Minnesota-Wisconsin tuition reciprocity was \$1,520,200.

4. MAINFRAME UPGRADE PROJECT

GPR	\$255,000
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Request \$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.

5. REESTIMATE FEDERAL REVENUES

FED	\$623,000
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Reestimate federal revenues by \$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. Federal monies from this program are combined with state funds under the talent incentive program (TIP). In 2003-04, total TIP expenditures were \$5,841,669 of which \$4,454,329 was GPR funded and \$1,387,340 FED.

6. LINK VARIOUS FINANCIAL AID PROGRAM FUNDING INCREASES TO TUITION INCREASE AT UW SYSTEM

Request statutory language to link annual increases in the appropriations for the Wisconsin higher education grants for Wisconsin technical college students (WHEG-WTCS) and the tuition grant program (TG) to the highest prior year increase for resident undergraduate tuition at any UW System institution starting in 2006-07. In addition, modify the appropriations from biennial sum certain to sum sufficient and permit HEAB to transfer funds appropriated for TG and WHEG-UW grants between fiscal years. Provide that the appropriation amount in any year would be the prior year amount adjusted by the applicable percentage increase in UW System undergraduate resident tuition, rounded to the nearest \$100. Specify that if tuition decreased or was unchanged, funding would remain at the prior year amount.

90% Budget Plan

	<u>Amount of Reduction</u>	
	<u>2005-06</u>	<u>2006-07</u>
General Purpose Revenue (GPR)		
1. Reduce State Operations Funding. Delete \$26,600 and 0.50 position annually related to the following: (a) reduce office management specialist position from 1.00 to 0.50 position (\$21,600 annually and 0.50 position); and (b) reduce office space by 270 square feet and reduce office lease payment (\$5,000 annually).	\$26,600	\$26,600
2. Reduce Funding for Teacher Education Loan Program. Delete \$46,400 annually that is used to support the teacher education loan program. This program provides loans to Wisconsin residents enrolled in teacher education programs at the Milwaukee Teacher Education Center. The teacher education loan program is currently funded with \$275,000 annually. For 2003-04, \$239,750 was expended for 90 students receiving loans.	46,400	46,400
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TOTAL (GPR)	\$73,000	\$73,000