

HIGHER EDUCATIONAL AIDS BOARD

Budget Summary						FTE Position Summary				
Fund	2006-07 Adjusted Base	Conference Committee		2007-09 Change Over Base Year Doubled		2006-07	Conference Committee		2008-09 Over 2006-07	
		2007-08	2008-09	Amount	%		2007-08	2008-09	Number	%
GPR	\$99,244,900	\$117,336,600	\$124,948,700	\$43,795,500	22.1%	11.86	10.50	10.50	- 1.36	- 11.5%
FED	1,707,900	1,354,500	1,354,500	- 706,800	- 20.7	0.00	0.00	0.00	0.00	N.A.
PR	<u>1,192,600</u>	<u>1,202,600</u>	<u>1,212,600</u>	<u>30,000</u>	1.3	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N.A.
TOTAL	\$102,145,400	\$119,893,700	\$127,515,800	\$43,118,700	21.1%	11.86	10.50	10.50	- 1.36	- 11.5%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS [Senate/ Assembly]

	Funding	Positions
GPR	- \$40,600	- 2.00

Conference Committee: Adjust the base budget by -\$20,300 and -2.0 project positions annually for: (a) removing noncontinuing elements from the base (-\$45,800 and -2.0 project positions annually); (b) full funding of salaries and fringe benefits (\$22,000 annually); and (c) reclassifications (\$3,500 annually).

2. WHEG-UW PROGRAM FUNDING INCREASE [Senate]

GPR	\$26,438,800
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Conference Committee: Provide \$10,719,400 in 2007-08 and \$15,719,400 in 2008-09 to increase funding for Wisconsin higher education grants (WHEG) for University of Wisconsin students by approximately 15% in 2007-08 and by 10% in 2008-09. Total funding would increase from the base level of \$39,280,600 in 2006-07 to \$50,000,000 in 2007-08 and \$55,000,000 in 2008-09. A partial veto in 2005 Act 25, provided \$8 million above the amount approved by the Legislature for WHEG-UW in 2005-06. Approximately \$4 million of this additional funding was carried forward from 2005-06 to 2006-07, such that approximately \$43.3 million was available for WHEG-UW grants in 2006-07.

Under current law, the WHEG-UW appropriation is sum sufficient and increases in the appropriation are linked to the average percentage increase in resident undergraduate tuition at UW System institutions, which was 5.1% in 2007-08. If the WHEG-UW appropriation were to be increased by 5.1% in each year of the biennium, the appropriation would be approximately \$41.3 million in 2007-08 and \$43.4 million in 2008-09 under current law. To provide greater increases for the WHEG-UW program, the amendment would suspend the statutory link

between WHEG-UW increases and the average percentage increase in resident undergraduate tuition at UW System institutions until February 1, 2009. In addition, the amendment would modify the statutory base funding reference for calculating future WHEG-UW appropriation increases to reflect total funding provided under the amendment in 2008-09.

3. VETERAN'S TUITION REMISSION REIMBURSEMENT

GPR	\$11,576,000
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[Senate]

Conference Committee: Provide \$5,013,700 in 2007-08 and \$6,562,300 in 2008-09 in a new biennial appropriation to reimburse the UW Board of Regents and the Wisconsin Technical College System district boards for some portion of the tuition and fees remitted to veterans and certain dependents. Require the UW Board of Regents and each technical college district board to certify the number of students who received these remissions, the number of credits for which tuition had been remitted, and the amount of tuition and fees remitted at the end of each semester. Specify that in June of each fiscal year, HEAB would determine the total amount of remissions provided in that year by the UW System and WTCS. If the total amount of remissions exceeds the amount of available funding, authorize HEAB to prorate the payments to the UW System and WTCS districts by reimbursing the same percentage of total remissions at each institution and district. This prorate provision would relate solely to reimbursement payments to the UW System and WTCS districts; eligible veterans would receive full remissions regardless of the amount of GPR funding provided. Based on enrollment data from the 2006-07 academic year, it is estimated that tuition and fee remissions could total \$23.8 million in 2007-08 and \$28.6 million in 2008-09. Using these estimates, the funding in the amendment would reimburse the UW System and WTCS district boards for 21% to 23% of the estimated tuition remissions. Specify that the UW Board of Regents would deposit these moneys in an existing program revenue appropriation for funds received from other agencies and would have to expend these moneys for degree credit instruction. These provisions would first apply to students who enroll for classes in the 2007-08 academic year.

Under current law, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or eight semesters, whichever is longer, to students who are veterans and who: (a) entered service from Wisconsin; (b) are current residents; and (c) whose service meets certain criterion. In addition, UW System institutions and Wisconsin technical colleges must remit 100% of tuition, for up to 128 credits or eight semesters, whichever is longer, to a student who is the spouse, the unremarried surviving spouse, or the child of any veteran who entered service from Wisconsin and either incurred at least a 30% service-connected disability or, while a resident of this state, died on active duty, died as the result of a service-connected disability, or died in the line of duty while on active or inactive duty for training purposes. This benefit is available to the spouse or the unremarried surviving spouse for the first 10 years after the veteran received a disability rating or after the death of the veteran. Children are eligible for remission while they are at least 18 but not yet 26 years old and enrolled full-time.

4. WHEG FUNDING FOR TECHNICAL COLLEGE STUDENTS [Senate]

GPR	\$1,253,400
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Conference Committee: Provide \$417,800 in 2007-08 and \$835,600 in 2008-09 to increase funding for the Wisconsin higher education grant program for technical college students (WHEG-TCS) by 2.5% in 2007-08 and 2.4% in 2008-09. Total funding would increase from \$16,712,400 in 2006-07 to \$17,130,200 in 2007-08 and \$17,548,000 in 2008-09. WHEG-TCS provides need-based funds to Wisconsin resident undergraduates enrolled at least half-time in an accredited, Wisconsin technical college system institutions.

5. TUITION GRANT PROGRAM [Senate]

GPR	\$1,862,700
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Conference Committee: Provide \$620,900 in 2007-08 and \$1,241,800 in 2008-09 increase funding for the tuition grant program for private college students by 2.5% in 2007-08 and 2.4% in 2008-09. Total funding would increase from \$24,835,700 in 2006-07 to \$25,456,600 in 2007-08 and \$26,077,500 in 2008-09. The tuition grant program provides need-based funds to Wisconsin resident undergraduates enrolled at least half-time in an accredited, private, nonprofit post-secondary institutions in Wisconsin.

6. REESTIMATE MINNESOTA WISCONSIN RECIPROcity EXPENDITURES [Senate/Assembly]

GPR	\$2,541,000
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Conference Committee: Provide \$1,270,500 annually above the base level of \$6,500,000 to reflect estimated tuition reciprocity payments to Minnesota during the 2007-09 biennium. Wisconsin has made a reciprocity payment to Minnesota in each of the past five years; the 2004-05 payment was \$6,514,759 and the 2005-06 payment was \$7,770,538. In recent years the reciprocity payment has increased because tuition charged to Minnesota residents continues to be higher than Wisconsin resident tuition and there has been an increase in participation amongst Wisconsin residents. The payment to Minnesota is offset by GPR-Earned from the program through the tuition differential charged to Minnesota students attending UW-System institutions. In 2005-06, GPR-Earned from the Minnesota students attending UW-System was \$8.7 million; with the reciprocity payment to Minnesota, net revenue to the state's general fund for Minnesota-Wisconsin tuition reciprocity was \$0.9 million.

7. MINNESOTA-WISCONSIN TUITION RECIPROcity [Assembly]

Conference Committee: Modify current law to accommodate changes to the Minnesota-Wisconsin tuition reciprocity agreement that were approved by the Joint Finance Committee in August, 2007. These modifications would: (a) require each of the two administrative agencies to determine the number of students who have received nonresident tuition waivers under the agreement at the end of each semester or academic term as opposed to once annually under current law; (b) make the effective date of the agreement July 1, 2007; and (c) add two factors that the formula used to determine each states' obligation under the agreement may reflect,

including: (a) differentials in usage; and (b) differentials in resident tuition at comparable public institutions in the two states. Under current law, the formula must reflect only the educational costs incurred by the two states. Specify that the payment between the states would be made as provided in the agreement. Provide that these changes would take effect retroactively on July 1, 2007, but would first apply to the reimbursement owed under the agreement for the 2008-09 academic year.

Under the modifications approved by the Joint Finance Committee in August, 2007, Wisconsin resident students enrolled in institutions in Minnesota would be charged Minnesota resident tuition with the state of Wisconsin paying the difference between the rate charged to such students under the new agreement and the rate charged under the prior agreement. The amount paid by the state on behalf of a student would be shown on that student's tuition bill and titled "Wisconsin Reciprocity Supplement." At the end of each academic term, the University of Minnesota and the Minnesota State Colleges and Universities systems would each submit an invoice to HEAB for the sum of all such supplements awarded and HEAB would reimburse each of the two systems within one month of receiving such an invoice. The amount of Wisconsin's obligation to Minnesota at the end of each academic year would be reduced by the amount of the payments made by HEAB to the University of Minnesota and the Minnesota State Colleges and Universities following the conclusion of each academic term. As a result, it has been estimated that this modification to the agreement would have no fiscal impact.

This change would first affect students enrolled under the agreement during the 2008-09 academic year. Students who are enrolled during the 2007-08 academic year would continue to be charged under the current agreement as long as they are continuously enrolled.

Under the previous agreement, Wisconsin resident students enrolled in Minnesota institutions generally paid the tuition rate charged at a comparable UW System institution. There were a number of exceptions to the general rule. For example, Wisconsin resident students attending the University of Minnesota-Twin Cities paid a surcharge equal to 25% of the difference in tuition charged at the UW-Madison and the University of Minnesota-Twin Cities. In addition, graduate students enrolled under the agreement paid the higher of the two states' resident tuition.

8. WISCONSIN COVENANT SCHOLARS PROGRAM [Senate]

Conference Committee: Create a Wisconsin covenant scholars program to be administered by the Higher Educational Aids Board (HEAB) and a new annual GPR appropriation for Wisconsin covenant grants. The Wisconsin covenant scholars program would provide, beginning in the 2011-12 academic year, grants to eligible resident students. To be eligible, a student must be enrolled at least half-time and registered as a freshman, sophomore, junior, or senior at a public or private nonprofit, accredited institution of higher education or in a tribally-controlled college in this state. Provide that the grant amount would be based on financial need, as determined by HEAB. Specify that the following need-based requirements would apply: (a) the student would have to be eligible for a federal Pell grant; and (b) the

federal adjusted gross income (AGI) of a parent of the student as shown on the student's application for student financial assistance does not exceed the income guidelines for receiving reduced-price lunches under the federal free and reduced-price lunch program, or, if the student is an independent student, the federal AGI of the student does not exceed those guidelines.

Provide that no student would be eligible for a grant in more than the equivalent of 10 semesters of undergraduate education. Specify that no student who fails to meet acceptable academic standards prescribed by the student's educational institution would be eligible or could remain eligible for a grant. Provide that a student whose name appears on the statewide support lien docket would be ineligible for this grant unless a payment agreement approved by the county child support agency is provided to HEAB by the student.

Require that by February 1 of each year the UW Board of Regents, the Wisconsin Technical College System Board, and each tribally-controlled college in this state provide HEAB with resident undergraduate tuition information for the current academic year for each UW System institution and resident undergraduate tuition and fees information for each Wisconsin technical college and tribally-controlled college in this state. In addition, by April 1 of each year, require that HEAB determine the average resident undergraduate tuition charged during the current academic year at all UW System institutions, and the average tuition and fees charged at all technical colleges and all of the tribally-controlled colleges in this state.

Require HEAB to promulgate rules to implement this section, including rules establishing a reporting system to periodically provide student economic data and any other rules the Board considers necessary to assure the uniform administration of the grants program. Require HEAB to submit these rules in proposed form to Legislative Council staff no later than the first day of the 18th month beginning after the effective date of the amendment. Specify that HEAB may promulgate emergency rules for the period before the effective date of the permanent rules without a finding of an emergency.

Background Information on Wisconsin Covenant Proposal. Although it is not part of the amendment, a description of a memorandum of understanding relating to this proposal follows.

A memorandum of understanding (MOU) relating to the Wisconsin covenant was signed in September, 2006, by the Governor, the Superintendent of Public Instruction, the President of the University of Wisconsin System, the President of the Wisconsin Technical College System (WTCS), and the President of the Wisconsin Association for Independent Colleges and Universities (WAICU). Based on that MOU, the goals of the Wisconsin covenant are: (1) to promote access to higher education by ensuring that all students who successfully participate in the program are guaranteed a place in higher education in the state; (2) to promote success in higher education by promoting high standards and encouraging students to take courses that prepare them for higher education; and (3) to promote the affordability of higher education by ensuring that all students who successfully complete the program can afford tuition and fees. Students who want to participate in the Wisconsin covenant may sign a pledge while in eighth

grade affirming that they will: (1) earn a high school diploma; (2) participate in their community by being good citizens; (3) take a high school curriculum that prepares them for higher education; (4) maintain a B average in high school; and (5) apply in a timely manner for state and federal financial aid.

Under the MOU, the UW System, WAICU, WTCS, and the Department of Public Instruction will work together to ensure there is a place for each student who successfully participates in the program in higher education in this state. The respective systems will work to prioritize the entrance of successful program participants into their systems and identify a place for each of these students, if possible, in the higher education system of their choice. Under the MOU, successful program participants will be able to access available financial resources including scholarships, grants, loans, and work to finance their undergraduate education. Finally, under the MOU, participating students will receive support in middle and high school through the continuation, expansion, or establishment of pre-college programming, mentoring, tutoring, and other local supports.

There are currently no estimates of the cost to the state of the Wisconsin covenant scholars program if it is fully implemented. According to DOA staff, the cost of the Wisconsin covenant scholars program will depend on a number of factors, including: (a) the number of successful program participants; (b) federal support for financial aid programs, especially the Pell Grant; (c) state support for financial aid programs, especially the Wisconsin higher education grant (WHEG) program and the tuition grant program; (d) future increases in resident undergraduate tuition; and (e) policy choices, specifically those related to the determination of the amount of individual Wisconsin covenant scholars program grants.

9. COORDINATION OF THE WISCONSIN COVENANT BY DOA [Senate]

Conference Committee: Require that the Department of Administration (DOA) serve as the state's liaison agency between the Higher Educational Aids Board (HEAB), the Department of Public Instruction (DPI), the University of Wisconsin System, the Wisconsin Technical College System (WTCS), and other public and private organizations that are interested in promoting postsecondary education in this state. In addition, specify that DOA would coordinate the postsecondary education promotional activities of DOA, HEAB, DPI, the UW System, WTCS, other public and private organizations that are interested in promoting postsecondary education in this state, and the Wisconsin Covenant Foundation, Incorporated, and prevent duplication of effort in conducting those activities. [See Administration -- General Agency Provisions for more information about the Wisconsin covenant.]

10. MINORITY UNDERGRADUATE RETENTION GRANT INCREASE [Senate]

GPR	\$57,000
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Conference Committee: Provide \$19,000 in 2007-08 and \$38,000 in 2008-09 to increase funding for the minority undergraduate retention grant program by 2.5% in 2007-08 and 2.4% in 2008-09. Total funding would increase from \$756,900 in 2006-07 to \$775,900 in 2007-08 and

\$794,900 in 2008-09. The minority undergraduate retention grant program provides need-based grants to Wisconsin resident minority undergraduates, excluding freshman, who are enrolled at least half-time at a Wisconsin technical college, tribal college, or private, nonprofit postsecondary institution in the state. By statute, a minority student is defined as a student who is African American, Native American, Hispanic, or from Cambodia, Laos, or Vietnam and admitted to the U.S. after December 31, 1975.

11. REESTIMATE ACADEMIC EXCELLENCE SCHOLARSHIP PROGRAM EXPENDITURES [Senate/Assembly]

GPR	\$47,000
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Conference Committee: Provide \$23,500 annually to reflect a reestimate of the amount required to fully fund the GPR share of scholarships in the 2007-09 biennium for the academic excellence scholarship program. This program provides college scholarships to selected 12th grade students who have the highest grade point average in each public and private high school in the state. Students must enroll full-time in a participating UW System institution, Wisconsin Technical College, or private nonprofit college in this state to use this scholarship. The maximum award is \$2,250, of which half is funded from a GPR sum sufficient appropriation and half is funded by the educational institution. Annual base funding for this program is \$3,146,500.

12. ADDITIONAL POSITION AUTHORITY [Senate/Assembly]

	Funding	Positions
GPR	\$60,200	0.64

Conference Committee: Provide \$27,200 in 2007-08 and \$33,000 in 2008-09 and 0.64 position beginning in 2007-08. This authority would be used to hire a 0.50 office management specialist and to increase an existing information systems computer professional position to full-time.

13. REESTIMATE FEDERAL REVENUES [Senate/Assembly]

FED	-\$706,800
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Conference Committee: Reestimate federal revenues by -\$353,400 annually to reflect an anticipated decrease in funding under the special leveraging educational assistance program (SLEAP) and the Paul Douglas scholarship. SLEAP funds provide additional support for the state's talent incentive program (TIP); the Paul Douglas scholarship program, which was repealed in 1995-96, provided loan forgiveness to students who graduated in the top 10% of their high school class and became teachers.

14. WHEG -- TRIBAL COLLEGES FUNDING [Senate]

PR	\$30,000
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Conference Committee: Provide \$10,000 in 2007-08 and \$20,000 in 2008-09 over base level funding of \$404,000. The WHEG -- tribal colleges program is funded by tribal gaming revenues.