



2023 ASSEMBLY BILL 86

March 8, 2023 - Introduced by Representatives SORTWELL, ALLEN, ARMSTRONG, BEHNKE, EDMING, GUSTAFSON and ROZAR, cosponsored by Senators CABRAL-GUEVARA and NASS. Referred to Committee on Colleges and Universities.

- 1 **AN ACT to create** 36.28, 38.25 and 39.55 of the statutes; **relating to:** permissible
2 financial aid reductions in higher education.

Analysis by the Legislative Reference Bureau

This bill prohibits higher education institutions (University of Wisconsin System institutions, Wisconsin technical colleges, and private, nonprofit institutions that are members of the Wisconsin Association of Independent Colleges and Universities) from reducing gift aid that the higher education institution has offered to a student because the student has received a private or external “last-dollar scholarship” from a Wisconsin-based entity unless certain circumstances apply. “Gift aid” is defined in the bill as all financial aid that is not a loan or work-study program and includes grants, scholarships, tuition waivers, and third-party payments. “Last-dollar scholarship” is defined as gift aid awarded to a student to meet any of the student’s financial need not met by federal, state, or institutional gift aid.

Under this bill, a higher education institution may reduce the amount of a student’s offered gift aid in order to comply with the individual or team financial aid restrictions of a governing national intercollegiate athletic association. Additionally, under the bill a higher education institution may reduce the amount of offered gift aid if the student’s total gift aid from all sources exceeds the student’s financial need, and the higher education institution may further reduce a student’s offered gift aid if the higher education institution receives approval to do so from the organization that has awarded the private or external scholarship that triggered the student’s total gift aid exceeding the student’s financial need.

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For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 36.28 of the statutes is created to read:

2 **36.28 Financial aid reduction restrictions. (1) DEFINITIONS.** In this
3 section:

4 (a) “Cost of attendance” has the meaning given in 20 USC 1087ll.

5 (b) “Expected family contribution” means the amount determined in
6 accordance with 20 USC 1087nn.

7 (c) “Financial need” means a student’s cost of attendance minus the student’s
8 expected family contribution.

9 (d) “Gift aid” means all financial aid that is not a loan or work-study program,
10 including grants, scholarships, tuition waivers, and third-party payments.

11 (e) “Institutional gift aid” means gift aid that is funded by the system, the
12 board, or an institution.

13 (f) “Last-dollar scholarship” means gift aid awarded to a student to meet any
14 of the student’s financial need amount not met by federal gift aid, state gift aid, or
15 institutional gift aid.

16 (g) “Private scholarship” means a last-dollar scholarship awarded by a
17 Wisconsin-based company, private foundation, nonprofit organization, or service
18 group. “Private scholarship” does not include an award funded by a private
19 organization that is affiliated with the system, the board, or an institution and that
20 requests that the system, the board, or an institution provide assistance in selecting
21 recipients.

ASSEMBLY BILL 86**SECTION 1**

1 **(2) FINANCIAL AID REDUCTION RESTRICTIONS.** An institution may reduce a
2 student's institutional gift aid offer as a result of a private scholarship award only
3 as described in one or more of the following manners:

4 (a) If a student's total gift aid from all sources exceeds the student's financial
5 need, an institution may reduce the student's institutional gift aid until the student's
6 total gift aid no longer exceeds the student's financial need.

7 (b) In addition to the reduction authorized under par. (a), an institution may
8 further reduce a student's institutional gift aid if the institution receives approval
9 from the company, private foundation, nonprofit organization, or service group that
10 awarded the private scholarship that triggered the reduction authorized under par.
11 (a).

12 (c) An institution may reduce a student athlete's institutional gift aid in order
13 to comply with a governing national intercollegiate athletic association's individual
14 or team financial aid restrictions.

15 **SECTION 2.** 38.25 of the statutes is created to read:

16 **38.25 Financial aid reduction restrictions. (1) DEFINITIONS.** In this
17 section:

18 (a) "Cost of attendance" has the meaning given in 20 USC 1087ll.

19 (b) "Expected family contribution" means the amount determined in
20 accordance with 20 USC 1087nn.

21 (c) "Financial need" means a student's cost of attendance minus the student's
22 expected family contribution.

23 (d) "Gift aid" means all financial aid that is not a loan or work-study program,
24 including grants, scholarships, tuition waivers, and third-party payments.

ASSEMBLY BILL 86**SECTION 2**

1 (e) “Institutional gift aid” means gift aid that is funded by the board, a district
2 board, or a technical college.

3 (f) “Last-dollar scholarship” means gift aid awarded to a student to meet any
4 of the student’s financial need amount not met by federal gift aid, state gift aid, or
5 institutional gift aid.

6 (g) “Private scholarship” means a last-dollar scholarship awarded by a
7 Wisconsin-based company, private foundation, nonprofit organization, or service
8 group. “Private scholarship” does not include an award funded by a private
9 organization that is affiliated with the board, a district board, or a technical college
10 and that requests that the board, a district board, or a technical college provide
11 assistance in selecting recipients.

12 **(2) FINANCIAL AID REDUCTION RESTRICTIONS.** A technical college may reduce a
13 student’s institutional gift aid offer as a result of a private scholarship award only
14 as described in one or more of the following manners:

15 (a) If a student’s total gift aid from all sources exceeds the student’s financial
16 need, a technical college may reduce the student’s institutional gift aid until the
17 student’s total gift aid no longer exceeds the student’s financial need.

18 (b) In addition to the reduction authorized under par. (a), a technical college
19 may further reduce a student’s institutional gift aid if the technical college receives
20 approval from the company, private foundation, nonprofit organization, or service
21 group that awarded the private scholarship that triggered the reduction authorized
22 under par. (a).

23 (c) A technical college may reduce a student athlete’s institutional gift aid in
24 order to comply with a governing national intercollegiate athletic association’s
25 individual or team financial aid restrictions.

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1 **SECTION 3.** 39.55 of the statutes is created to read:

2 **39.55 Financial aid reduction restrictions. (1) DEFINITIONS.** In this
3 section:

4 (a) “Cost of attendance” has the meaning given in 20 USC 1087ll.

5 (b) “Expected family contribution” means the amount determined in
6 accordance with 20 USC 1087nn.

7 (c) “External scholarship” means a last-dollar scholarship awarded by a
8 Wisconsin-based company, private foundation, nonprofit organization, or service
9 group. “External scholarship” does not include an award funded by an external
10 organization that is affiliated with private higher education institution and that
11 requests that the private higher education institution provide assistance in selecting
12 recipients.

13 (d) “Financial need” means a student’s cost of attendance minus the student’s
14 expected family contribution.

15 (e) “Gift aid” means all financial aid that is not a loan or work-study program,
16 including grants, scholarships, tuition waivers, and third-party payments.

17 (f) “Institutional gift aid” means gift aid that is funded by a private higher
18 education institution.

19 (g) “Last-dollar scholarship” means gift aid awarded to a student to meet any
20 of the student’s financial need amount not met by federal gift aid, state gift aid, or
21 institutional gift aid.

22 (h) “Private higher education institution” means a private, nonprofit
23 institution of higher education that is a member of the Wisconsin Association of
24 Independent Colleges and Universities.

